Manitoba Hydro

Manitoba

THE AGREEMENT BETWEEN

THE FOX LAKE FIRST NATION,
as represented by Chief and Council ("Fox Lake")

- and -

HER MAJESTY THE QUEEN
IN RIGHT OF THE PROVINCE OF MANITOBA,
as represented by The Minister of Aboriginal and Northern Affairs
("Manitoba")

- and -

THE MANITOBA HYDRO-ELECTRIC BOARD ("Hydro")

105-02285/

THE AGREEMENT BETWEEN

THE FOX LAKE FIRST NATION as represented
by Chief and Council ("Fox Lake")

and

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF
MANITOBA as represented by the Minister of Aboriginal and Northern
Affairs ("Manitoba")

and

THE MANITOBA HYDRO-ELECTRIC BOARD ("Hydro")

THIS AGREEMENT made as of this 6th day of Dec , 2004

BETWEEN:

THE FOX LAKE FIRST NATION as represented
by Chief and Council ("Fox Lake")

and

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF MANITOBA as
represented by the Minister of Aboriginal and Northern Affairs ("Manitoba")
and

THE MANITOBA HYDRO-ELECTRIC BOARD ("Hydro")

WHEREAS:

A. **Manitoba** administers and controls provincial lands, waters and water powers as provided in the Manitoba Natural Resources Transfer Agreement, which is part of the *Constitution Act, 1930*. Provincial water powers are managed and controlled by the Minister of Conservation of Manitoba under *The Water Power Act* (Manitoba);

B. **Hydro** is a Crown Corporation established in 1949 and continued by *The Manitoba Hydro Act* (Manitoba), for the purpose, among others, of providing for the continuance of a supply of power adequate for the needs of the Province of Manitoba, and may engage in and promote the development, generation, transmission, distribution, supply and end-use of power;

C. Pursuant to licenses issued by **Manitoba** to **Hydro** under *The Water Power Act* (Manitoba), **Hydro** developed and operates an electrical power system including the existing generation, transmission and distribution facilities in the lower Nelson River area, for the ongoing benefit of the people of Manitoba;

D. The Fox Lake First Nation, a "band" as defined in the *Indian Act* (Canada), received its band status in 1947. The First Nation is represented by the **Chief and Council** who derive their authority and powers through the custom of **Fox Lake** and the *Indian Act* (Canada), and who are responsible for the administration of all band affairs;

E. **Fox Lake** has traditionally used the areas shown as the "Intensive Land Use Area" and the "Seasonal Land Use Area" on the map attached hereto as Schedule 1.1;

F. The **Project** (as defined in this **Agreement**) caused adverse effects upon the natural environment in the **Traditional Territory** and upon the members of **Fox Lake**;

G. **Fox Lake** described social and economic impacts it attributes to the **Project** in *Forgotten Nation in the Shadow of the Dams, Grievance Statement*, 1997;

H. **Manitoba's** community planning efforts, to accommodate the development of water power on the Nelson River preceding and during the modernization and development of Gillam, did not adequately address land use and community issues of **Fox Lake** and **Fox Lake Citizens**;

I. **Manitoba** and **Hydro** recognize that it is appropriate for actions to be taken to resolve the issues identified above, and to this end, **Fox Lake**, **Manitoba** and **Hydro** have participated in negotiations to resolve those issues;

J. Those negotiations resulted in an **Agreement in Principle** which sets out principles and understandings to guide and govern the negotiation of a settlement agreement;

K. As a result of these negotiations among **Fox Lake**, **Manitoba** and **Hydro**, pursuant to the **Agreement in Principle**, the Parties are entering into this **Agreement**.

NOW THEREFORE, the Parties agree as follows:

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Appendix "A" Indenture

ARTICLE 1 - AGREEMENT AND INTERPRETATION

1.1 AGREEMENT

1.1.1 Contents. This **Agreement** consists of the following Articles 1 through 11, and includes the following schedules and appendices which are attached to this **Agreement**:

Article 1	Agreement and Interpretation
Article 2	Payments and Costs
Article 3	Water Regime and Project Operations
Article 4	Water Regime Downstream of Limestone
Article 5	Lands
Article 6	Resource Management
Article 7	Citizens' Claims
Article 8	Future Development and Decommissioning
Article 9	Matters Addressed
Article 10	Approval, Signing and Implementation
Article 11	General Provisions
Schedule 1.1	Map of Traditional Territory
Schedule 3.1	Fully Compensated Zone and Pre-determined Compensation Zone - Kettle Forebay
Schedule 3.2	Fully Compensated Zone and Pre-determined Compensation Zone - Long Spruce Forebay
Schedule 3.3	Fully Compensated Zone and Pre-determined Compensation Zone - Limestone Forebay
Schedule 3.4	Fully Compensated Zone - Limestone Tailrace
Schedule 3.5	Sample Calculation of Pre-determined Compensation
Schedule 5.1	Survey Instructions
Schedule 5.2	Form of Project Easement Agreement
Schedule 5.3	Form of Land Use Permit
Schedule 5.4	Map of Kettle River Site
Schedule 5.5	Map of Angling Lake Site
Schedule 5.6	Description and Map of Kettle Crescent Site
Schedule 5.7	Form of Manitoba Order in Council (Transfer of Interests in Kettle Crescent Site)
Schedule 5.8	Description and Map of Sundance Site
Schedule 5.9	Map of Limestone Construction Camp
Schedule 5.10	Location of Gillam Trailer Court
Schedule 5.11	Consultant Terms of Reference
Schedule 5.12	Form of Letter from Minister
Schedule 6.1	Map of Fox Lake Resource Management Area
Schedule 7.1	Undertaking of Claims Officer

Schedule 7.2	Claimant Acceptance and Release for Compensation for Citizen's Claim
Schedule 9.1	Certificate of Independent Advice
Schedule 10.1	Ballot Question
Appendix "A"	Indenture

1.2 INTERPRETATION

1.2.1 Definitions. In this **Agreement**, the following words and phrases, when capitalized and printed in bold type, whether in the plural, the singular or the possessive, have the following meanings:

(a) **Account** means the **Per Capita Account**, the **Community Development Account** or the **Claims Account** established pursuant to Articles 10.8, 13 and 14 respectively of the **Indenture;**

(b) **Adult Fox Lake Citizen** means a **Fox Lake Citizen** who, at the relevant time, is eighteen (18) years of age or older;

(c) **Adverse Effects** means the direct or indirect negative consequences of the **Project** or of any **Future Development**, or the operation thereof by **Hydro**, which consequences include, without limitation:

  (i) impacts on, or changes to, the physical, chemical or biological characteristics of the environment;

  (ii) risks or injuries to the health, safety, well-being, comfort or enjoyment of life by **Fox Lake** or **Fox Lake Citizens;** and

  (iii) impacts on interests in and the exercise of rights in relation to lands, pursuits, activities, opportunities, lifestyles and assets of **Fox Lake** or **Fox Lake Citizens**;

(d) **Agreement** means this agreement and all schedules and appendices listed in subsection 1.1.1;

(e) **Agreement in Principle** means the agreement in principle among **Fox Lake**, **Hydro** and **Manitoba** dated March 20, 2001;

(f) **Alternate Claims Officer** means the alternate claims officer appointed pursuant to subsection 7.2.1;

(g) **Angling Lake Site** means the parcel of Crown (Manitoba) land that is depicted on the map attached as Schedule 5.5 and that is the subject of section 5.6;

(h) **ASL** means above sea level;

(i) **Auditor** means the auditor appointed under Article 11.1 of the **Indenture**;

(j) **Canada** means Her Majesty the Queen in Right of Canada;

(k) **Capital Works** means any permanent structure or works erected, constructed, acquired or developed using **Financial Proceeds**;

(l) **Chief** means the Chief of **Fox Lake** in office at the relevant time;

(m) **Chief and Council** means the Council of **Fox Lake** in office at the relevant time;

(n) **Citizen's Claim** means a claim of a **Claimant** for loss or damage arising from **Adverse Effects** of the **Project**;

(o) **Claimant** means a **Fox Lake Citizen** who advances a **Citizen's Claim** under Article 7;

(p) **Claims Account** means the **Account** established under Article 14 of the **Indenture**;

(q) **Claims Officer** means the claims officer appointed pursuant to subsection 7.2.1;

(r) **Community Development Account** means the **Account** established under Article 13 of the **Indenture**;

(s) **Community Organization** means any of:

  (i) a group or unincorporated association whose membership is wholly comprised of **Fox Lake Citizens**,

  (ii) an unincorporated association established by **Chief and Council**,

(iii) a corporation or cooperative, with share capital, wholly owned legally or beneficially, and controlled by **Fox Lake** or **Fox Lake Citizens**, or

(iv) a corporation or cooperative, without share capital, the membership of which consists wholly of **Fox Lake** or **Fox Lake Citizens**;

whether created before or after the execution of the **Indenture**;

(t) **Consumer Price Index** means the publication by Statistics Canada of statistical data related to changes in the price of goods and services (All-Items) in the Province of Manitoba;

(u) **Council Resolution** means a lawful resolution of **Chief and Council**;

(v) **Daily Average Water Levels** means the arithmetic average of readings of water levels recorded in a day at each of the **Gauges** and where relevant adjusted to eliminate the effect of wind, or, a valid representative substitute for such hourly readings, if such hourly readings are unavailable or demonstrably in error;

(w) **Date of this Agreement** means the date this **Agreement** has been signed by the last **Party**;

(x) **Development Plan** means a development plan as defined in *The Planning Act* (Manitoba) or any similar plan or instrument adopted under successor legislation;

(y) **Deviation** means any event where **Daily Average Water Levels** fall outside of the **Fully Compensated Zone**;

(z) **Draw-down Event** means any **Deviation** resulting from **Hydro** intentionally drawing down the water on any of the Kettle, Long Spruce or Limestone Forebays to a level below the **Pre-determined Compensation Zone**:

(i) for emergency situations or for **Hydro** maintenance, inspection and other purposes, and

(ii) for a duration of no more than four (4) weeks;

(aa) **Draw-down Event Compensation** means the lump sum payment by **Hydro** to **Fox Lake** under subsection 3.7.5 of the **Agreement** as compensation for the effects of a **Draw-down Event**.

(bb) **Easement Line** means a line established in accordance with section 5.3 demarcating the upper boundary of the land that is to be subject to a **Project Easement;**

(cc) **Financial Proceeds** means the amounts paid pursuant to section 2.2 by **Hydro** and **Manitoba** to **Fox Lake**;

(dd) **Fish** means fish as defined in the *Fisheries Act* (Canada);

(ee) **Fox Lake** means Fox Lake First Nation, a "band" within the meaning of the *Indian Act* (Canada), which for all purposes of this **Agreement** is represented by **Chief and Council**;

(ff) **Fox Lake Citizen** means a person who is a member of **Fox Lake** pursuant to the *Indian Act* (Canada);

(gg) **Fox Lake Resource Management Area** means the area established under subsection 6.2.1, which is depicted on the map attached as Schedule 6.1, subject to amendments made in accordance with subsection 6.2.2;

(hh) **Fox Lake Resource Management Board** means the Fox Lake Resource Management Board established under subsection 6.3.1;

(ii) **Fully Compensated Zone** means the zones described in subsection 3.6.1 and shown graphically in Schedules 3.1 to 3.4;

(jj) **Funds Available** in a fiscal year of the **Trust** means:

(i) in the fiscal year 2004, the amount identified in Article 13.1 of the **Indenture**, and

(ii) in any subsequent fiscal year:

(A) the **Income** for the year, plus

(B) the amount by which the **Net Value of the Assets** at the close of the prior fiscal year, excluding the **Claims Account,** the **Per Capita Account** and the amount of any outstanding loans made to **Fox Lake** or **Community Organizations** pursuant to Article 8.9 of the **Indenture**, plus any **Financial Proceeds** received in the current fiscal year, exceeds the **Minimum Capital Amount**;

(kk) **Future Development** means:

(i) any construction or development of any physical works related to hydro-electric development on the Churchill, Nelson, Rat and Burntwood River Systems, including the Lake Winnipeg Regulation System north of the 53rd parallel, that were not physically developed and constructed by or on behalf of **Hydro** as of the **Date of this Agreement**, and thereafter any reconstruction or redevelopment of those physical works, including without limitation to the foregoing, in both cases any construction camp or town site established to support such construction or development or reconstruction or redevelopment of such physical works, and

(ii) any major redevelopment or reconstruction of the **Project,** including without limitation to the foregoing, any construction camp or town site established to support such reconstruction or redevelopment of the **Project**,

which physical works, or which construction, development, reconstruction or redevelopment, have a reasonable likelihood of having a material and continuing physical, chemical or biological impact upon a water body within the **Traditional Territory**;

(ll) **Gauge** means any one of the **Kettle Forebay Gauge**, the **Long Spruce Forebay Gauge**, the **Limestone Forebay Gauge** or the **Limestone Tailrace Gauge**;

(mm) **Gillam Trailer Court** means the area depicted on the map of the Town of Gillam which is attached as Schedule 5.10 and which is the subject of section 5.10;

(nn) **Hydro** means The Manitoba Hydro-Electric Board;

(oo) **Income** or **Income of the Trust** means income for a fiscal year as calculated in accordance with Section 3 of the *Income Tax Act* (Canada) without reference to subsections 75(2) or 104(6) of the *Income Tax Act* (Canada) except that in making such calculation there shall be included 100% of any capital gains and there shall be excluded 100% of any capital losses and any gross up of any dividend;

(pp) **Indenture** means the trust agreement, a copy of which is attached as Appendix "A";

(qq) **Kettle Crescent Site** means the parcel of Crown (Canada) land that is described and depicted in Schedule 5.6 and that is the subject of section 5.7;

(rr) **Kettle Forebay Gauge** means the gauge **Hydro** uses to measure the water level of the Kettle Generating Station forebay or such replacement gauge as may be required;

(ss) **Kettle River Site** means the parcel of Crown (Manitoba) land that is depicted on the map attached as Schedule 5.4 and that is the subject of section 5.5;

(tt) **Land Corporation** means a legal entity to be established by **Fox Lake** for the purpose of holding interests in land under this **Agreement**;

(uu) **Land Use Plan** means a plan developed by the **Fox Lake Resource Management Board** in accordance with subsection 6.4.5;

(vv) **Limestone Construction Camp** means the parcel of Crown (Manitoba) land that is depicted on the map attached as Schedule 5.9 and that is the subject of section 5.9;

(ww) **Limestone Forebay Gauge** means the gauge **Hydro** uses to measure the water level of the Limestone Generating Station forebay or such replacement gauge as may be required;

(xx) **Limestone Tailrace Gauge** means the gauge **Hydro** uses to measure the water level of the Limestone Generating Station tailrace or such replacement gauge as may be required;

(yy) **Long Spruce Forebay Gauge** means the gauge **Hydro** uses to measure the water level of the Long Spruce Generating Station forebay or such replacement gauge as may be required;

(zz) **Majority Vote** means a vote of **Adult Fox Lake Citizens**, at a **Meeting of Fox Lake Citizens**, where the majority of those **Adult Fox Lake Citizens** in attendance and voting approve the matter voted upon. The vote will be by a show of hands, unless a secret ballot is requested by a minimum of twenty (20) of such **Adult Fox Lake Citizens**;

(aaa) **Manitoba** means Her Majesty the Queen in Right of Manitoba;

(bbb) **Meeting of Fox Lake Citizens** means a meeting of **Fox Lake Citizens**, notice of which is provided for and described in Articles 8.4 and 9 of the **Indenture**;

(ccc) **Minimum Capital Amount** at any time prior to April 1, 2019 shall be nil. The **Minimum Capital Amount** at any time after April 1, 2019 shall be nine million ($9,000,000.00) dollars less any amounts paid to **Manitoba** or **Hydro** pursuant to section 3.9 of the **Indenture** from sources other than the **Claims Account**;

(ddd) **Multi-Year Program** means a proposal, plan or initiative, including a proposal, plan or initiative related to a **Capital Work**, for which specific expenditures from **Funds Available** are approved for more than one (1) but no more than three (3) fiscal years;

(eee) **Net Value of the Assets** means the amount at any specific date by which the value of all of the assets of the **Trust**, including the value of any **Financial Proceeds** held for the use and benefit of **Fox Lake**, exceeds all liabilities of the **Trust**. All assets will be valued at the lower of cost or fair market value;

(fff) **Municipality** means a city, town, village, rural municipality, local government district or other like municipal organization and includes a community under *The Northern Affairs Act* (Manitoba);

(ggg) **Operation and Maintenance** means works, administration, management and activities reasonably necessary for the ongoing operation, maintenance, repair and replacement of **Capital Works**;

(hhh) **Parties** means **Manitoba**, **Fox Lake**, and **Hydro**;

(iii) **Party** means any one of **Manitoba**, **Fox Lake** or **Hydro**;

(jjj) **Per Capita Account** means the account established pursuant to Article 10.8 of the **Indenture**;

(kkk) **Personal Property** means boats, boat motors, and other equipment reasonably required by **Fox Lake Citizens** to practice traditional pursuits;

(lll) **Pre-determined Compensation** means the payment to be made by **Hydro** to **Fox Lake** under subsection 3.7.2 as compensation when a

Deviation occurs within a **Pre-determined Compensation Zone**, but does not include **Draw-down Event Compensation**.

(mmm) **Pre-determined Compensation Zone** means the zones described in subsection 3.7.1 and shown graphically in Schedules 3.1 to 3.3;

(nnn) **Process Officer** means the person appointed by **Chief and Council** to oversee the conduct of the **Vote**;

(ooo) **Project** means all those physical works related to hydro-electric development on the Churchill, Nelson, Rat and Burntwood River Systems and the development of the Lake Winnipeg Regulation System north of the 53rd parallel, to the extent such works have been physically developed and constructed by or on behalf of **Hydro** to the **Date of this Agreement**; and, without limiting the generality of the foregoing, includes all dams, dikes, channels, control structures, excavations, generating stations, roads, transmission lines and other works forming part of, or related to, all aspects of such hydro-electric development including:

- Lake Winnipeg Regulation,
- Churchill River Diversion, including without limitation, the Notigi and Missi control structures,
- Grand Rapids Generating Station,
- Laurie River Generating Station,
- Kelsey Generating Station,
- Kettle Generating Station,
- Long Spruce Generating Station,
- Limestone Generating Station, including the **Sundance Site,**

and the access road and other physical construction with respect to the Conawapa Generating Station to the extent that such works have been physically developed and constructed by or on behalf of **Hydro** to the **Date of this Agreement**;

(ppp) **Project Easement** means the right and privilege to regulate the flow of water on or over, to inundate and store water on or over, and to affect from time to time certain lands in accordance with a **Project Easement Agreement**;

(qqq) **Project Easement Agreement** means an agreement in the form of Schedule 5.2;

(rrr) **Reserve** has the same meaning as in the *Indian Act* (Canada), but is restricted to those reserves set apart for the use and benefit of **Fox Lake**;

(sss) **Resources** includes **Fish, Wildlife**, forests, plants, land and water in the **Fox Lake Resource Management Area**;

(ttt) **Resource Management Plan** means a plan developed by the **Fox Lake Resource Management Board** in accordance with subsection 6.4.2;

(uuu) **Split Lake Resource Management Area** means the area established as the Split Lake Resource management Area pursuant to the Agreement entered into in June 1992 between **Canada**, **Manitoba**, **Hydro** and Split Lake Cree First Nation;

(vvv) **Sub-Account** means the Manitoba Community Development Sub-Account, the Housing Community Development Sub-Account, the Hydro Community Development Sub-Account, or the Heritage Capital Sub-Account established under Article 13 of the **Indenture**;

(www) **Sundance Site** means the parcel of Crown (Manitoba) land that is described and depicted in Schedule 5.8 and that is the subject of section 5.8;

(xxx) **Traditional Territory** means the areas traditionally used by **Fox Lake**, as shown on the map attached as Schedule 1.1;

(yyy) **Trust** means the Nikanihk Itapowin (Future Vision) Trust established and settled by **Fox Lake** pursuant to the **Indenture**;

(zzz) **Trust Funds** means all property of every nature and kind held in **Trust** by the **Trustees**;

(aaaa) **Trustees** means the individual **Fox Lake** Trustees signatory to the **Indenture**, and their successors in office, selected in accordance with Article 5 of the **Indenture**;

(bbbb) **Vote** means the vote held to approve this **Agreement** in accordance with section 10.2;

(cccc) **Voters List** means the list of **Fox Lake Citizens** eligible to vote, prepared by the **Process Officer** in accordance with subsection 10.2.8;

(dddd) **Wildlife** means wildlife as defined in *The Wildlife Act* (Manitoba); and

(eeee) **York Factory Resource Management Area** means the area established as the York Factory Resource Management Area pursuant to the Agreement entered into in January 1996 between **Canada**, **Manitoba**, **Hydro** and York Factory First Nation.

1.2.2 Use of Definitions. Except for use in this **Agreement**, these definitions are without prejudice to and are not binding upon any of the **Parties**.

1.2.3 Statutory References. The following Acts are referred to in this **Agreement** and, unless otherwise specifically provided, when described by the title set out in this subsection, the Act will be interpreted to mean the Act as cited in this subsection:

(a) Acts of the Parliament of Canada:

(i) *Fisheries Act*, R.S.C. 1985, c. F-14,

(ii) *Income Tax Act*, R.S.C. 1985, c. 1 (5th Supplement);

(iii) *Indian Act*, R.S.C. 1985, c. I-5,

(b) Acts of the Legislature of Manitoba:

(i) *The Arbitration Act*, C.C.S.M. c. A120,

(ii) *The Crown Lands Act*, C.C.S.M. c. C340,

(iii) *The Freedom of Information and Protection of Privacy Act*, C.C.S.M. c. F175,

(iv) *The Manitoba Hydro Act*, C.C.S.M. c. H190,

(v) *The Mines and Minerals Act*, C.C.S.M. c. M162,

(vi) *The Northern Affairs Act*, C.C.S.M. c. N100,

(vii) *The Planning Act*, C.C.S.M. c. P80,

(viii) *The Real Property Act,* C.C.S.M. c.R30,

(ix) *The Trustee Act*, C.C.S.M. c. T160,

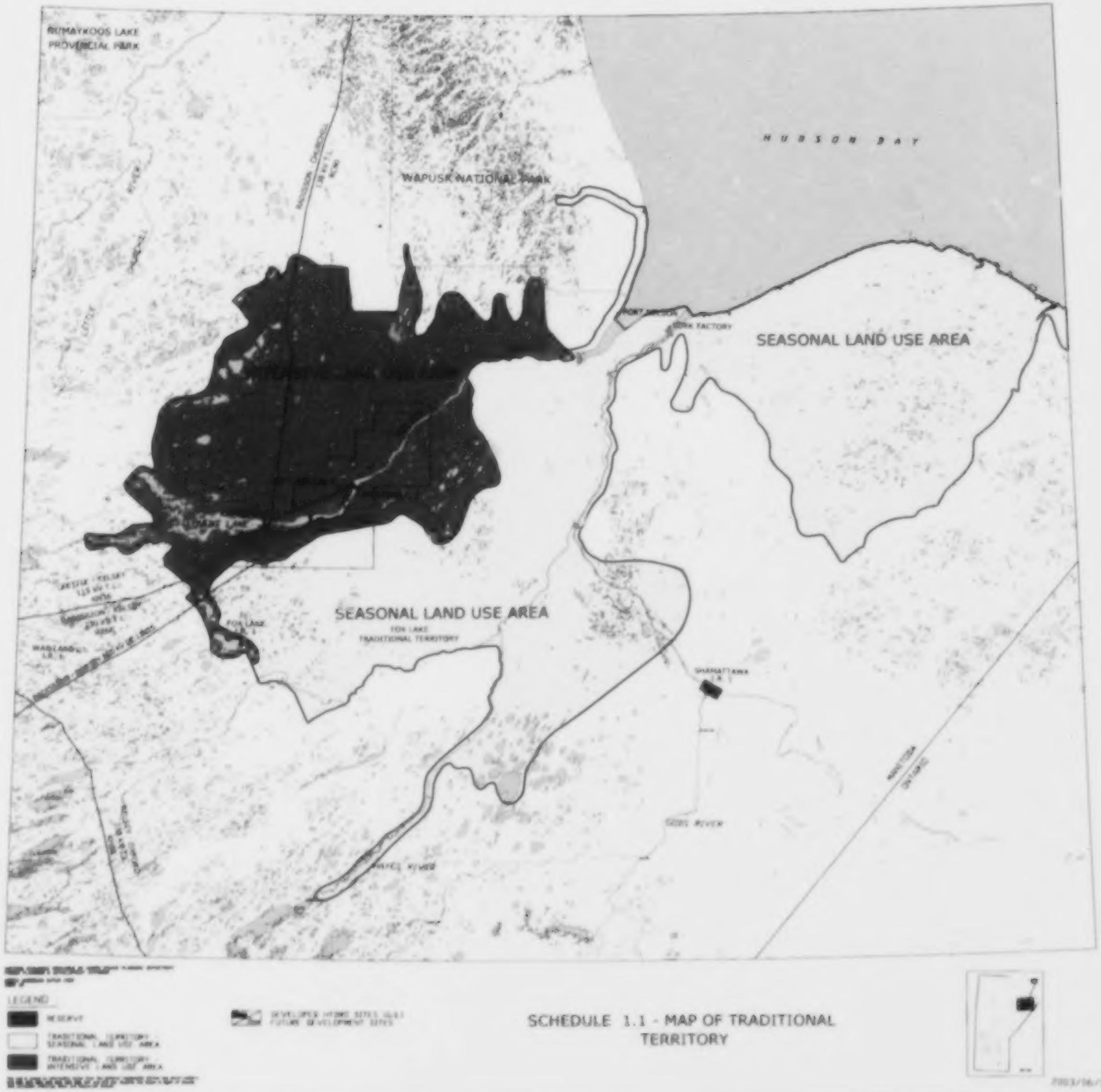
(x) *The Water Power Act*, C.C.S.M. c. W60,

(xi) *The Wildlife Act*, C.C.S.M. c. W130; and

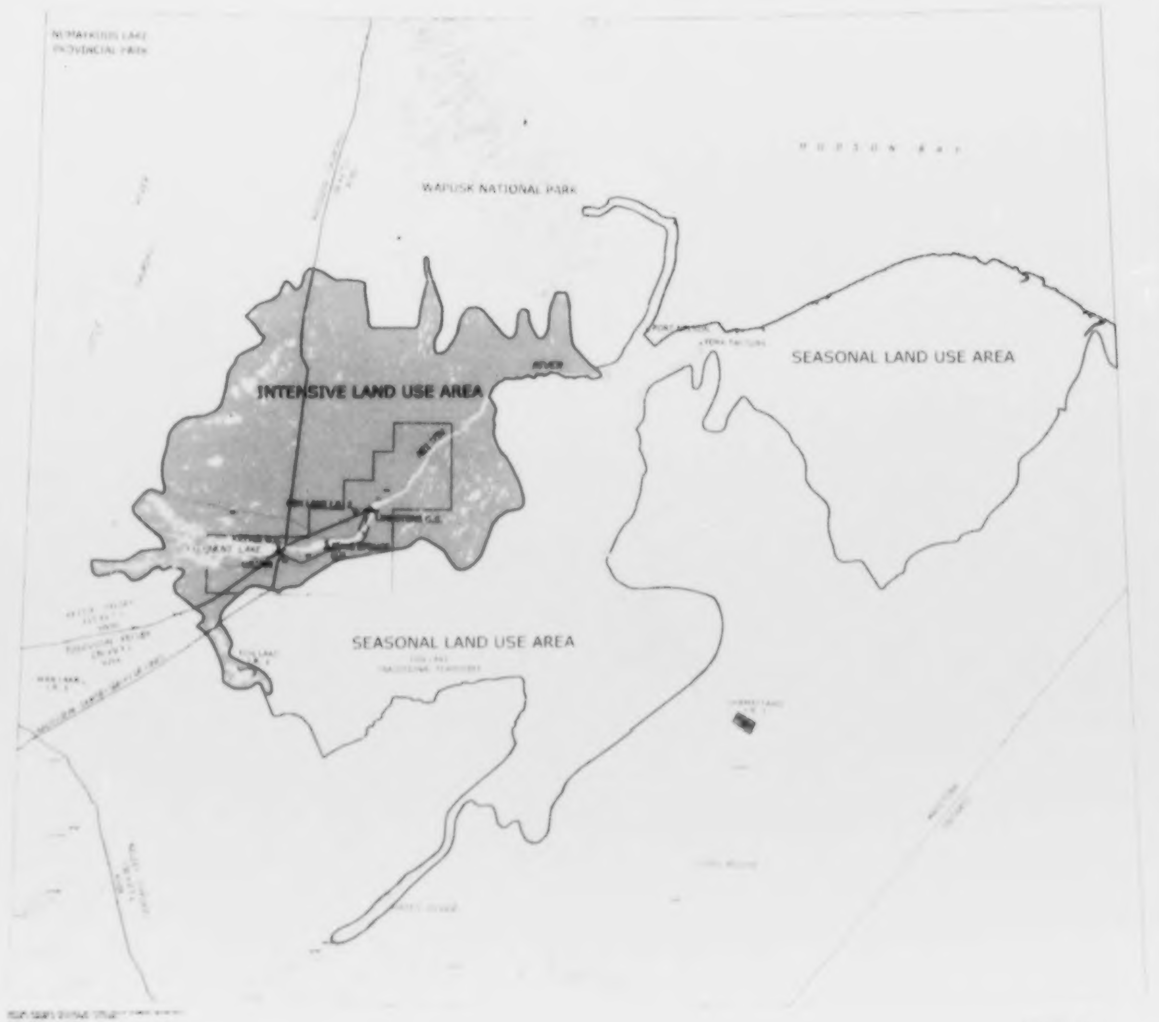
(c) Acts constituting part of the Constitution of Canada:

(i) *Constitution Act, 1982*, being Schedule B to the *Canada Act, 1982* (U.K.) 1982, c. 11.

1.2.4 Legislation Speaks from Present. All references to Acts referred to in subsection 1.2.3 will include all regulations made in accordance with that Act and any amendment, re-enactment or replacement from time to time of that Act.


NUMAYKOOS LAKE PROVINCIAL PARK
HUDSON BAY
WAPUSK NATIONAL PARK
PORT NELSON
YORK FACTORY
SEASONAL LAND USE AREA
SEASONAL LAND USE AREA
FOX LAKE TRADITIONAL TERRITORY
FOX LAKE I.R.
WAR LAKE I.R.
SHAMATTAWA I.R.
GODS RIVER
HAYES RIVER
MANITOBA
ONTARIO
LEGEND
RESERVE
TRADITIONAL TERRITORY - SEASONAL LAND USE AREA
TRADITIONAL TERRITORY - INTENSIVE LAND USE AREA
DEVELOPED HYDRO SITES
FUTURE DEVELOPMENT SITES
2003/06/12

SCHEDULE 1.1 - MAP OF TRADITIONAL TERRITORY


NUMAYKOOS LAKE PROVINCIAL PARK
HUDSON BAY
WAPUSK NATIONAL PARK
INTENSIVE LAND USE AREA
RIVER
SEASONAL LAND USE AREA
SEASONAL LAND USE AREA

SCHEDULE 1.1 - MAP OF TRADITIONAL TERRITORY

ARTICLE 2 - PAYMENTS AND COSTS

2.1 INTRODUCTION

2.1.1 Introduction. Article 2 provides for certain payments to be made to **Fox Lake**.

2.2 PAYMENTS

2.2.1 Past Payment by **Hydro**. **Fox Lake** acknowledges having received $500,000.00 from **Hydro** in March 2001 in accordance with the **Agreement in Principle**.

2.2.2 Future Payments by **Hydro**. **Hydro** covenants and agrees to make the following additional payments by cheque or bank draft payable to **Fox Lake** to be settled on the **Trustees** in accordance with the **Indenture**:

(a) $1,000,000.00 within thirty (30) days of the **Date of this Agreement**;

(b) $200,000.00 within thirty (30) days of the **Date of this Agreement**;

(c) $200,000.00 on or before April 1, 2005;

(d) $200,000.00 on or before April 1, 2006;

(e) $200,000.00 on or before April 1, 2007;

(f) $200,000.00 on or before April 1, 2008;

(g) $200,000.00 on or before April 1, 2009;

(h) $200,000.00 on or before April 1, 2010;

(i) $200,000.00 on or before April 1, 2011;

(j) $200,000.00 on or before April 1, 2012;

(k) $200,000.00 on or before April 1, 2013;

(l) $200,000.00 on or before April 1, 2014;

(m) $200,000.00 on or before April 1, 2015;

(n) $200,000.00 on or before April 1, 2016;

(o) $200,000.00 on or before April 1, 2017;

(p) $200,000.00 on or before April 1, 2018; and

(q) $11,234,000.00 on or before April 1, 2019.

2.2.3 Preservation of Capital. A minimum sum of nine million ($9,000,000.00) dollars from the payment made under paragraph 2.2.2(q) will be set aside in the **Trust** and, in accordance with the **Indenture**, will be preserved as capital.

2.2.4 Interest on Payments by **Hydro**. **Hydro** will pay interest on any payment not made when due in accordance with subsection 2.2.2 at the rate equal to the prime rate established by the Royal Bank of Canada from time to time, from the 1st day after the due date until payment is made.

2.2.5 Payments by **Manitoba**. **Manitoba** covenants and agrees to make the following payments by cheque or bank draft payable to **Fox Lake** to be settled on the **Trustees** in accordance with the **Indenture**:

(a) $2,000,000.00 within thirty (30) days of the **Date of this Agreement**;

(b) $340,000.00 within thirty (30) days of the **Date of this Agreement**;

(c) a second $340,000.00 within thirty (30) days of the **Date of this Agreement**;

(d) $340,000.00 on or before April 1, 2005;

(e) $340,000.00 on or before April 1, 2006; and

(f) $340,000.00 on or before April 1, 2007.

2.2.6 Interest on Payments by **Manitoba**. **Manitoba** will pay interest on any payment not made when due in accordance with subsection 2.2.5 in accordance with the following:

(a) with respect to the payment referred to in paragraph 2.2.5(a), **Manitoba** will pay interest at the rate equal to the prime rate established by the Bank of Nova Scotia from time to time, from the 1st day after the due date until payment is made; and

(b) with respect to the payments referred to in paragraphs 2.2.5(b) to (f) inclusive, **Manitoba** will pay interest at the rate equal to the prime rate established by the Bank of Nova Scotia from time to time, from the 1st day after the due date until payment is made.

2.2.7 Purposes of Payments. In accordance with the **Indenture,** the payments made pursuant to subsection 2.2.5 will be used as follows:

(a) the payment made pursuant to paragraph 2.2.5(a) will be used for investing in business and commercial ventures of material benefit to **Fox Lake** and for designing and implementing a strategy to address health and social issues; and

(b) the payments made pursuant to paragraphs 2.2.5(b) to (f) inclusive will be used for a housing program.

2.3 COSTS

2.3.1 Contingency Fees and Bonuses. No portion of the monies paid or payable under the **Agreement in Principle** or this **Agreement** will be used to pay contingency fees or bonuses to any member of **Chief and Council**, or to any advisor or legal counsel acting on behalf of **Fox Lake** in relation to, or as payment for, work done in the settlement process.

2.3.2 Payment of Negotiation, Documentation and Approval Costs. Negotiation, documentation and approval costs are addressed as follows:

(a) **Fox Lake** has been reimbursed by **Hydro** for reasonable costs incurred in negotiating and concluding this **Agreement** and the **Agreement in Principle**, including the costs of legal and consulting services required for the informed participation of **Fox Lake**, as well as the costs involved in carrying out the consultation and approval processes set out in Article 10. **Manitoba** and **Hydro** are not responsible for any costs other than those specifically set out in this paragraph 2.3.2(a);

(b) the total amount reimbursed to **Fox Lake** for negotiating and concluding this **Agreement** as of the **Date of this Agreement** is $4,446,448.48; and

(c) the estimated costs for the consultation and approval process set out in Article 10 as of the **Date of this Agreement** is $294,600.00.

2.3.3 Limitation. The responsibilities of **Manitoba** and **Hydro** to reimburse **Fox Lake** for its reasonable costs under subsections 2.3.1 and 2.3.2 will not include any costs incurred by **Fox Lake** in the resolution of any claims or grievances it may have against **Canada**.

2.4 PROVINCIAL PROGRAMMING AND HYDRO POLICIES

2.4.1 **Manitoba** Programs. The payments made to **Fox Lake** under subsection 2.2.5 will not affect eligibility for, or reduce the availability of, funding and programming available from **Manitoba** to communities, residents, or groups of residents of Manitoba, under the normal program criteria in effect from time to time.

2.4.2 **Hydro** Policies. The payments made to **Fox Lake** under subsections 2.2.1 and 2.2.2 are not intended to, and shall not in any way, disentitle or disadvantage **Fox Lake** or **Fox Lake Citizens** from receiving, any benefit or opportunity that would otherwise be available to them under any general business opportunity, or employment or training policy of **Hydro** in force from time to time.

ARTICLE 3 - WATER REGIME & PROJECT OPERATIONS

3.1 INTRODUCTION

3.1.1 Introduction. Article 3 establishes the **Fully Compensated Zone** settled by this **Agreement** and sets out a payment schedule for compensation payable by **Hydro** to **Fox Lake**:

(a) to the extent that **Daily Average Water Levels** fall within the **Pre-determined Compensation Zone**; and

(b) in the event of a **Draw-down Event**.

3.2 PURPOSE AND INTENT OF WATER REGIME PROVISIONS

3.2.1 **Fully Compensated Zone**. **Fox Lake** and **Hydro** have agreed on a **Fully Compensated Zone** as set out in subsection 3.6.1. **Fox Lake** acknowledges that, subject to subsection 9.2.3, it has been fully compensated for past, present and future **Adverse Effects** of the **Project** so long as **Hydro** operates the **Project** in such a way that **Daily Average Water Levels** fall within that zone.

3.2.2 Infrequent **Deviations**. After the **Date of this Agreement,** it is anticipated that **Deviations** will occur from time to time. **Deviations** have the potential to cause incremental **Adverse Effects** on **Fox Lake** or **Fox Lake Citizens** which have not been compensated by the **Financial Proceeds**. **Deviations** may be caused by **Hydro's** operation of the **Project** or by conditions which are beyond the control of **Hydro**.

3.2.3 **Deviations**. To avoid extensive investigations, negotiations and disputes about:

(a) whether or not any **Deviation** is the result of the operation of the **Project**;

(b) the existence and extent of any loss or damage suffered by **Fox Lake** and **Fox Lake Citizens** arising from such **Deviation**; and

(c) the liability of **Hydro** for such loss or damage;

the **Parties** have agreed that, subject to subsection 3.7.5 and section 3.10:

(d) whenever a **Deviation** falls within the **Pre-determined Compensation Zone**, **Hydro** will pay compensation to **Fox Lake** at a fixed rate, in accordance with section 3.7, regardless of the apparent cause or effect of the **Deviation**; and

(e) whenever a **Deviation** results from a **Draw-down Event**, **Hydro** shall pay **Draw-down Event Compensation** to **Fox Lake** at a fixed rate, as set forth in subsection 3.7.5 in addition to any **Pre-determined Compensation** due under paragraph 3.2.3(d) as a result of that **Draw-down Event**.

3.2.4 Genuine Pre-estimate of Compensation. The rate of payment established for the **Pre-determined Compensation Zone** and the **Draw-down Events** is based on a predictive judgment about **Project** impacts resulting from **Deviations** and the associated monetary loss based on a review of historical data about **Project** impacts. In analyzing **Project** impacts, **Fox Lake** has relied on data provided by **Hydro** relating to historic levels and flows on the relevant water bodies and has not undertaken an independent investigation as to the accuracy of this data.

3.2.5 Basis for Rejection and Termination Provisions. The **Parties** recognize that the **Pre-determined Compensation** and **Draw-down Event Compensation** payments may not ultimately be appropriate to equitably address the cause or extent of the **Adverse Effects** on **Fox Lake** or **Fox Lake Citizens**, and accordingly, they have included provisions for the rejection of the **Pre-determined Compensation** or **Draw-down Event Compensation** or both and the termination of the **Pre-determined Compensation** or **Draw-down Event Compensation** provisions.

3.3 RECORDS

3.3.1 **Daily Average Water Level** Records. From and after the **Date of this Agreement**, **Hydro** agrees to maintain a record of the **Daily Average Water Levels** based on data recorded by the following gauges:

(a) **Kettle Forebay Gauge**;

(b) **Long Spruce Forebay Gauge**;

(c) **Limestone Forebay Gauge**; and

(d) **Limestone Tailrace Gauge**;

and provide such records to any **Party** when requested or required for purposes of this **Agreement**.

3.3.2 No Warranty. Although the **Parties** believe that the gauges referred to in subsection 3.3.1 accurately record water levels on the Kettle Forebay, the Long Spruce Forebay, the Limestone Forebay, and the Limestone Tailrace, no **Party** warrants the accuracy of such records.

3.3.3 Notice of Malfunction. If at any time it comes to the attention of any **Party** that a **Gauge** is malfunctioning and not accurately recording the water level measurements required by this **Agreement**, that **Party** will forthwith notify the other **Parties**. Upon **Hydro** becoming aware that a **Gauge** is malfunctioning and not accurately recording water levels, **Hydro** will take such steps as may be necessary to ensure that the **Gauge** is operating accurately, including establishing and operating a replacement gauge to record the required water level measurements.

3.4 OPERATION OF THE PROJECT

3.4.1 No Restraint on Operation. Nothing in this **Agreement** will impose, or be read or construed to impose, any restraint on the lawful operation of the **Project** by **Hydro**.

3.5 PROJECTIONS

3.5.1 **Daily Average Water Level** Projections. **Hydro** will, early in each month, provide a two month **Daily Average Water Level** projection to **Fox Lake**, which will indicate the anticipated **Daily Average Water Levels** for that month and the next month on the Kettle Forebay (Stephens Lake).

3.5.2 Limitations on Accuracy. The projections in subsection 3.5.1 will be as accurate as is reasonable, based on the information available at the time they are made. **Hydro** may set forth any appropriate qualification as to the accuracy of **Daily Average Water Level** projections.

3.6 FULLY COMPENSATED ZONE

3.6.1 **Fully Compensated Zone**. The parameters of the **Fully Compensated Zone** are shown graphically on Schedules 3.1 to 3.4 and depict the range within which the **Daily Average Water Levels** have generally fallen during the period from the start of operation of each of the generating stations respectively, to the present, and within which it is anticipated that **Daily Average Water Levels** will generally fall in the future and shall be described as follows:

(a) on the Kettle Forebay, by **Daily Average Water Levels** which do not:

(i) exceed 463 feet (141.12 m) **ASL**, and

(ii) fall below 454 feet (138.38 m) **ASL**; and

(b) on the Long Spruce Forebay, by **Daily Average Water Levels** which do not:

(i) exceed 362 feet (110.34 m) **ASL**, and

(ii) fall below 358.5 feet (109.27 m) **ASL** from January 1st to April 30th and from December 1st to December 31st, and 356.5 feet (108.66 m) **ASL** from May 1st to November 30th; and

(c) on the Limestone Forebay, by **Daily Average Water Levels** which do not:

(i) exceed 280 feet (85.34 m) **ASL**, and

(ii) fall below 277 feet (84.43 m) **ASL**; and

(d) on the Limestone Tailrace, by **Daily Average Water Levels** which do not

(i) exceed 189 feet (57.61 m) **ASL** from January 1st to March 30th,

(ii) exceed 186.5 feet (56.85 m) **ASL** from April 1st to April 30th,

(iii) exceed 184 feet (56.08 m) **ASL** from May 1st to May 31st and from November 1st to November 30th,

(iv) exceed 182 feet (55.47 m) **ASL** from June 1st to October 31st,

(v) exceed 186 feet (56.69 m) **ASL** from December 1st to December 31st, and

(vi) fall below 170 feet (51.82 m) **ASL**.

3.7 PRE-DETERMINED COMPENSATION ZONE AND DRAW-DOWN EVENTS

3.7.1 **Pre-determined Compensation Zone**. The parameters of the **Pre-determined Compensation Zone** are shown graphically on Schedules 3.1 to 3.3 inclusive, and delineate that zone in which **Daily Average Water Levels** have infrequently fallen during the period from the start of operations of each of the generating stations respectively to the present, and within which it is anticipated that **Daily**

Average Water Levels will infrequently fall in the future and will be described as follows:

(a) on the Kettle Forebay, by **Daily Average Water Levels** which do not:

(i) exceed 454 feet (138.38 m) **ASL**, and

(ii) fall below 451 feet (137.46 m) **ASL**; and

(b) on the Long Spruce Forebay, by **Daily Average Water Levels** which do not:

(i) exceed 358.5 feet (109.27 m) **ASL** from December 1st to the next April 30th, and 356.5 feet (108.66 m) **ASL** from May 1st to November 30th, and

(ii) fall below 356.5 feet (108.66 m) **ASL** from January 1st to April 30th and from December 1st to December 31st, and 354 feet (107.90 m) **ASL** from May 1st to November 30th; and

(c) on the Limestone Forebay, by **Daily Average Water Levels** which do not:

(i) exceed 277 feet (84.43 m) **ASL**, and

(ii) fall below 275 feet (83.82 m) **ASL**.

3.7.2 Calculation and Payment. Not later than March 31st in each calendar year, **Hydro** will calculate and pay compensation, if any, for the previous calendar year (in the case of the calendar year in which the **Agreement** is signed, only for the period of that year after the **Date of the Agreement**) at the rates indicated on Schedules 3.1 to 3.3 inclusive, in accordance with the following provisions:

(a) for any day where the **Daily Average Water Levels** fall in the **Pre-determined Compensation Zone**, as depicted on Schedules 3.1 to 3.3 inclusive, compensation for that day will be calculated at the rate shown for the relevant zone on that graph; and

(b) **Pre-determined Compensation** is expressed in dollars per foot per day and, as it relates to **Daily Average Water Levels**, the compensation is to be calculated on a pro rata basis to the nearest tenth of a foot, as demonstrated in Schedule 3.5.

3.7.3 Annual Minimum. Where **Daily Average Water Levels** fall within the **Pre-determined Compensation Zones** and some **Pre-determined Compensation** of less than five thousand ($5,000.00) dollars is calculated to be payable for any calendar year pursuant to subsection 3.7.2, **Hydro** will, notwithstanding such calculation, pay five thousand ($5,000.00) dollars to **Fox Lake** with respect to that calendar year. If **Daily Average Water Levels** do not enter the **Pre-determined Compensation Zone** in a particular calendar year, no compensation will be payable for that year.

3.7.4 Annual Maximum. The maximum amount of **Pre-determined Compensation** for any calendar year is two hundred thousand ($200,000.00) dollars.

3.7.5 Compensation for **Draw-down Events**. Not later than March 31 in each calendar year, **Hydro** will calculate and pay **Draw-down Event Compensation**, if any, for the previous calendar year (in the case of the calendar year in which the **Agreement** is signed, only for the period of that year after the **Date of the Agreement**) at the rate of twenty thousand ($20,000.00) dollars per **Draw-down Event**. Where a **Draw-down Event** extends beyond four weeks in duration, it shall constitute a new **Draw-down Event** for the purposes of this **Agreement**.

3.7.6 Use of Compensation. The **Draw-down Event Compensation** paid pursuant to section 3.7 will be provided to **Fox Lake** to be paid into the **Trust** and used in accordance with the **Indenture**.

3.7.7 Rejection of **Pre-determined Compensation** or **Draw-down Event Compensation**. If in any year, **Fox Lake** determines that:

(a) the compensation, if any, paid pursuant to subsection 3.7.2 is insufficient to compensate for damages caused by **Daily Average Water Levels** within the **Pre-determined Compensation Zone**; or

(b) the compensation, if any, paid pursuant to subsection 3.7.5 is insufficient to compensate for damages caused by a **Draw-down Event**;

Fox Lake may within one hundred and twenty (120) days of receipt of such compensation, return either amount so paid and explain in writing its reasons for rejecting either the **Pre-determined Compensation** or the **Draw-down Event Compensation,** or both, and state the quantum of compensation which it believes is appropriate in the circumstances.

3.7.8 Action by **Fox Lake**. **Hydro** will endeavour to advise **Fox Lake** in writing of its position not later than ninety (90) days following its receipt of **Fox Lake's** reasons for rejecting the compensation. If **Hydro** either fails to respond, or fails to respond to the satisfaction of **Fox Lake**, within the ninety (90) day period, **Fox**

Lake's sole remedy is to proceed with an action against **Hydro** for the amount **Fox Lake** believes is appropriate.

3.7.9 Deemed Acceptance of Compensation. If **Fox Lake** fails to return the **Pre-determined Compensation** payment or the **Draw-down Event Compensation** payment within the one hundred and twenty (120) day time period referred to in subsection 3.7.7, **Fox Lake** will conclusively be deemed to have accepted such **Pre-determined** or **Draw-down Event Compensation** in full and complete satisfaction of any and all claims **Fox Lake** may otherwise have had against **Manitoba** and **Hydro** arising from **Daily Average Water Levels** within the **Pre-determined Compensation Zone** or arising from **Draw-down Events** in that year.

3.7.10 Indexing. Where any amount of **Pre-determined Compensation** or **Draw-down Event Compensation** is specified in dollars, the amount payable will be read as if it had been adjusted up or down over time from the **Date of this Agreement** based upon the **Consumer Price Index**, provided that no such adjustment will result in the reduction of the compensation amounts, as specified in dollars, to less than the amounts specified in this **Agreement**.

3.8 NOTICE OF DRAW-DOWN EVENTS

3.8.1 Notice of **Draw-down Events**. Where **Hydro** has scheduled a **Draw-down Event** for maintenance, inspection or other purposes, **Hydro** will give **Fox Lake** fourteen (14) days notice of the **Draw-down Event**. Where the **Draw-down Event** occurs for emergency purposes or where it is otherwise not reasonably practicable to give fourteen (14) days notice, **Hydro** will give **Fox Lake** as much notice, if any, as is practicable in the circumstances.

3.8.2 Notice of Draw-down for More than Four Weeks. Where **Hydro** has scheduled a draw-down of any of the Kettle, Long Spruce or Limestone Forebays to a level below the **Pre-determined Compensation Zone** for a period of more than four weeks, **Hydro** will give **Fox Lake** at least fourteen (14) days notice of such an occurrence, in which it will advise **Fox Lake** of the anticipated duration of, and the reason for, the draw-down. Where such a draw-down occurs for emergency purposes, during the course of a **Draw-down Event**, or where it is otherwise not reasonably practicable to give fourteen (14) days notice, **Hydro** will give **Fox Lake** as much notice, if any, as is practicable in the circumstances.

3.9 WATER LEVELS OUTSIDE ZONES

3.9.1 Hydro and **Fox Lake** to Discuss Cause. Should **Daily Average Water Levels** fall outside the **Fully Compensated Zone** and the **Pre-determined**

Compensation Zone, **Hydro** and **Fox Lake** will discuss the reasons for such an occurrence.

3.9.2 Hydro Not Released. **Hydro** is not, by this **Agreement**, released with respect to any damages arising from **Daily Average Water Levels** falling outside of the **Fully Compensated Zone** and the **Pre-determined Compensation Zone**, except where such damage is attributable to a **Draw-down Event**.

3.10 TERMINATION OR AMENDMENT OF PRE-DETERMINED AND DRAW-DOWN COMPENSATION PROVISIONS

3.10.1 Notice of Termination of Section 3.7. At any time following the **Date of this Agreement**, either **Hydro** or **Fox Lake** may give written notice to the other that it no longer considers that the **Pre-determined Compensation** or **Draw-down Event Compensation** calculated under section 3.7 equitably addresses the issue of compensation for loss or damage suffered as a consequence of the occurrence of water levels in the **Pre-determined Compensation Zone** or as a consequence of **Draw-down Events**, and that the provisions of section 3.7 will terminate at the end of the first full calendar year following the date of such notice.

3.10.2 Amendment of Compensation Provisions. Following receipt of the notice provided for in subsection 3.10.1, **Hydro** and **Fox Lake** may agree in writing upon amended pre-determined or draw-down compensation provisions and in that case, this **Agreement** will be amended accordingly.

3.10.3 Termination of Compensation Provisions. If **Hydro** and **Fox Lake** are unable to agree upon amended pre-determined compensation or draw-down compensation provisions in accordance with subsection 3.10.2, this **Agreement** will, upon written notice from either **Party** to the other, be amended, effective at the end of the period contemplated in subsection 3.10.1, by terminating the provisions of section 3.7 and those provisions of subsection 9.2.1 in which **Fox Lake** provides releases to **Hydro** in return for payment of **Pre-determined Compensation** and **Draw-down Event Compensation.**

3.11 INTEREST

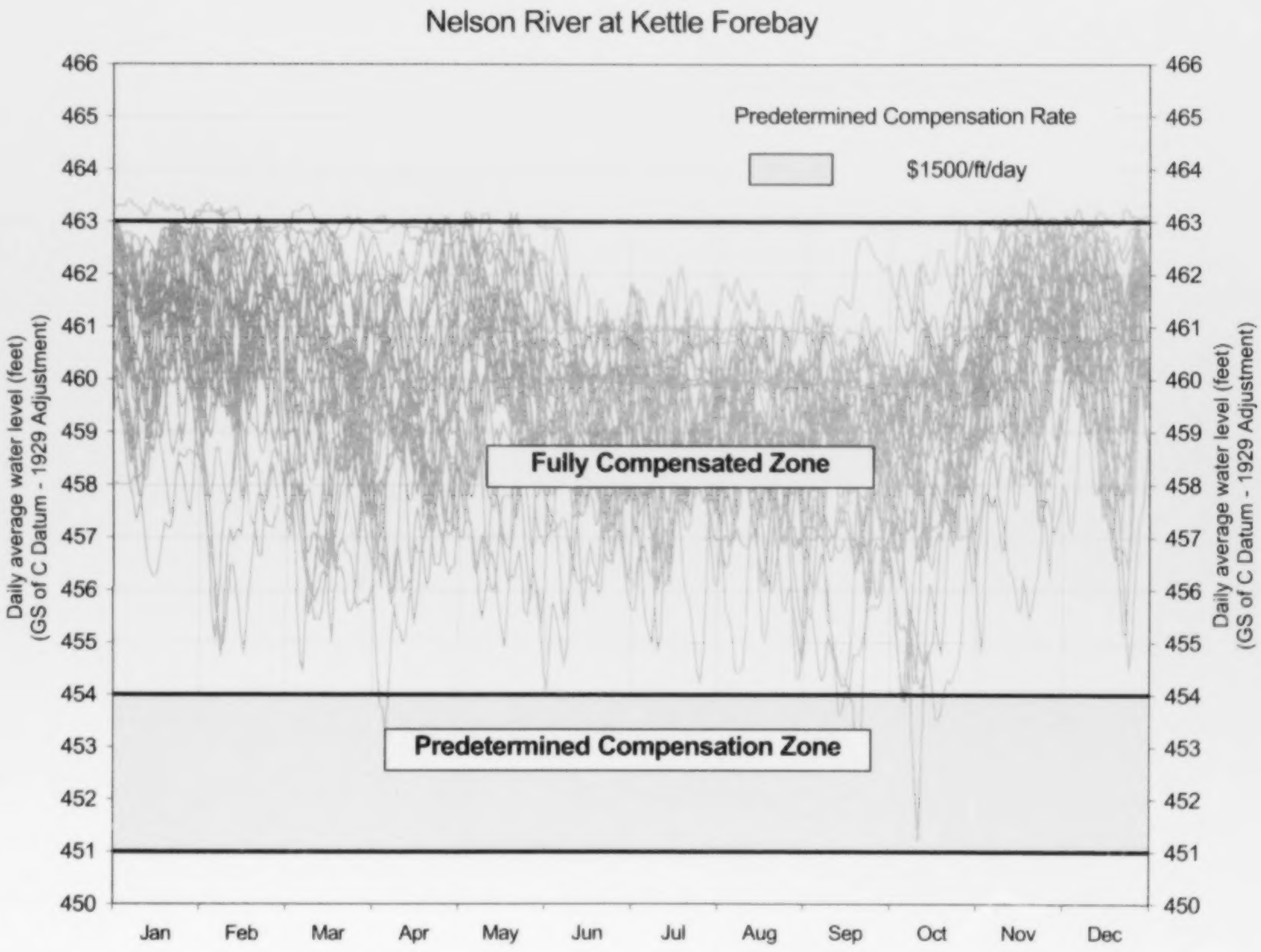
3.11.1 Payment of Interest. **Hydro** will pay interest, at the rate set forth in subsection 2.2.4 on any amount of **Pre-determined Compensation** or **Draw-down Event Compensation** that:

(a) **Hydro** has calculated is owing and knowingly fails to pay, such interest to commence on the date that the payment is required to be made under the **Agreement**; or

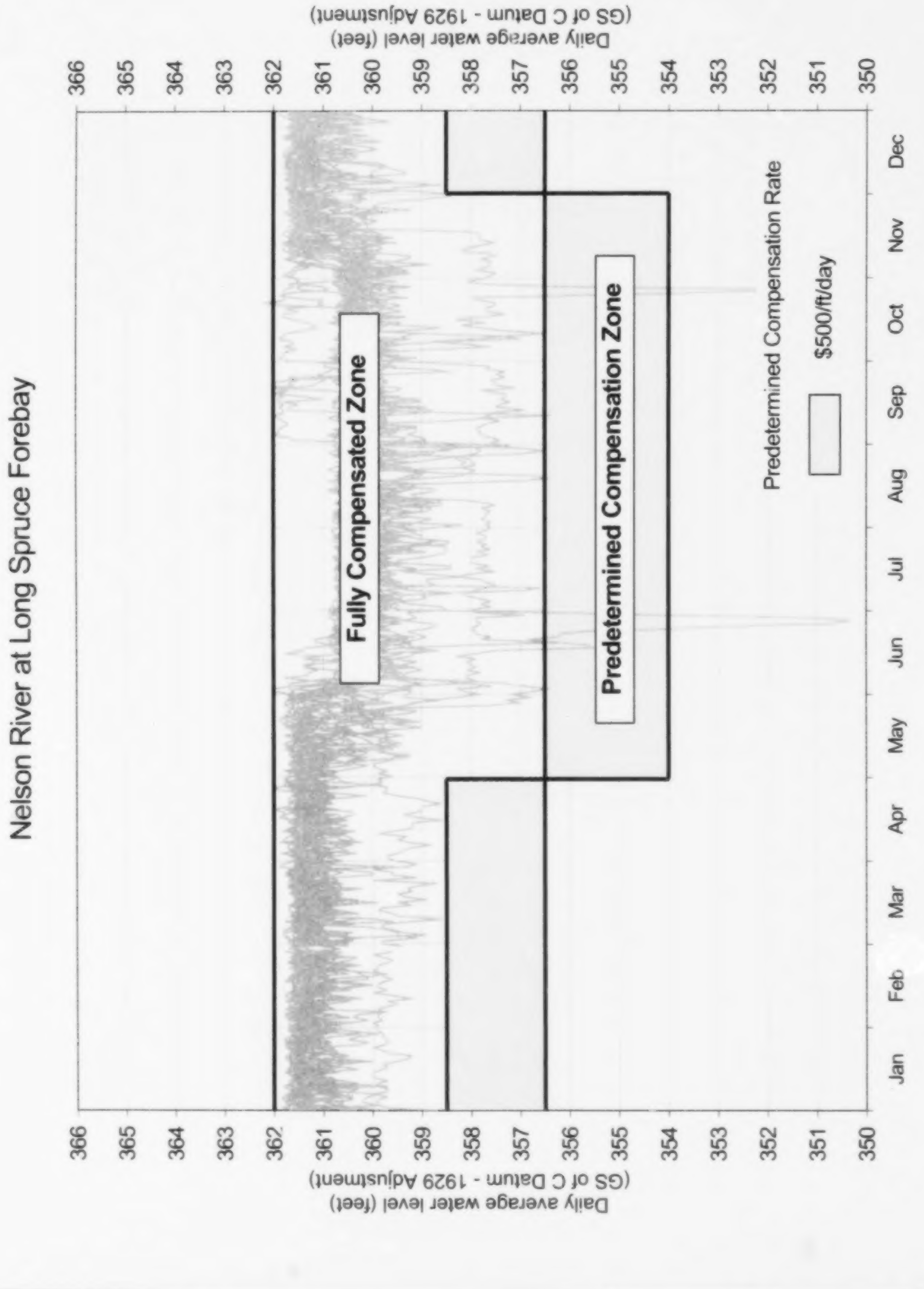
(b) **Fox Lake** has calculated is owing and should be paid, provided that **Hydro** agrees with **Fox Lake's** calculations or the amount claimed is confirmed following dispute resolution.

Interest on the amount under paragraph 3.11.1(b) will begin to accrue 30 days after **Hydro** has received written notice from **Fox Lake** of the amount that **Fox Lake** claims is owing, together with a copy of the calculations made by **Fox Lake** to determine the amount the **Pre-determined Compensation** or **Draw-down Event Compensation Fox Lake** claims is owing.

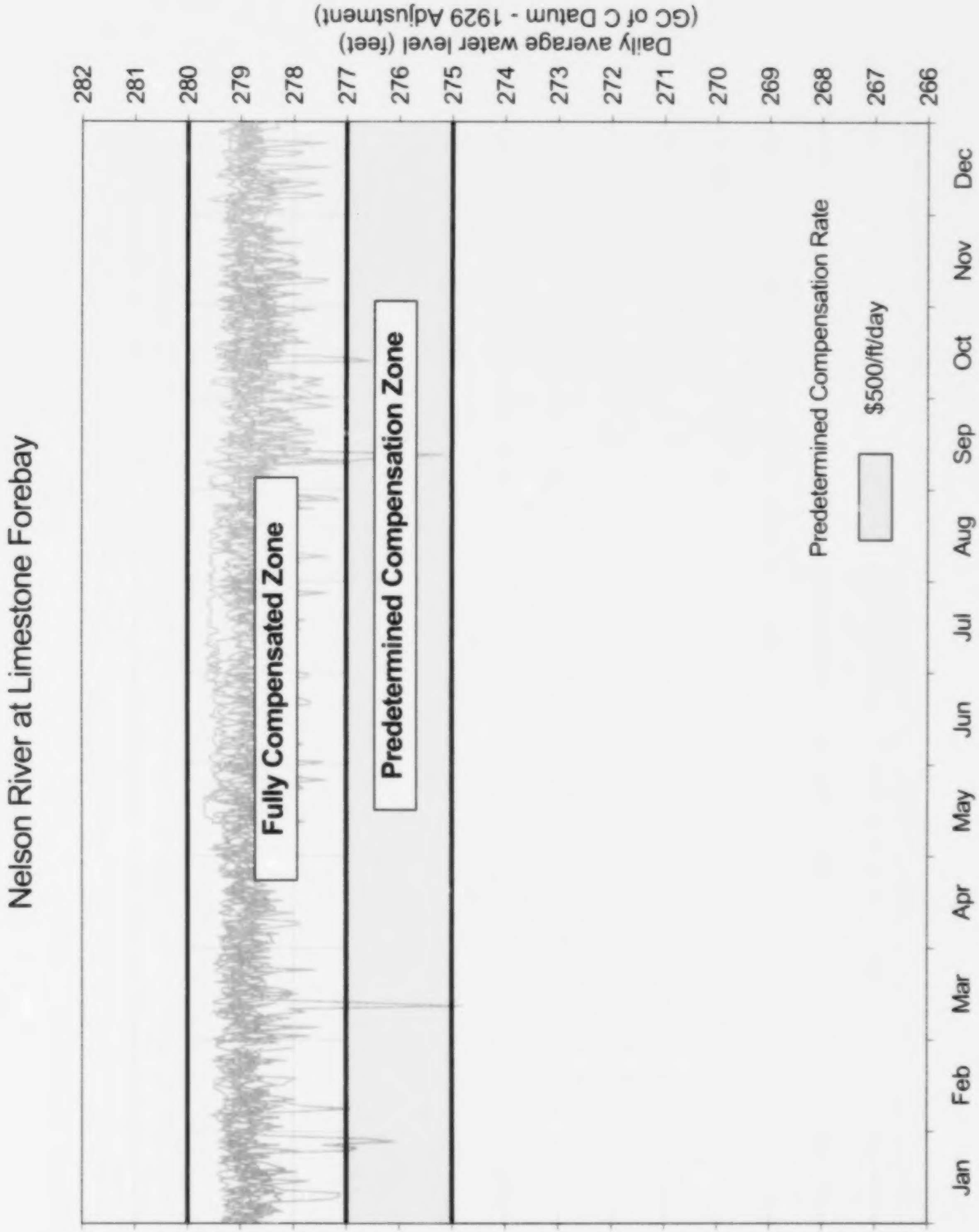
SCHEDULE 3.1


Nelson River at Kettle Forebay
Daily average water level (feet)
(GS of C Datum - 1929 Adjustment)
466
465
464
463
462
461
460
459
458
457
456
455
454
453
452
451
450
Predetermined Compensation Rate
$1500/ft/day
Fully Compensated Zone
Predetermined Compensation Zone
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec

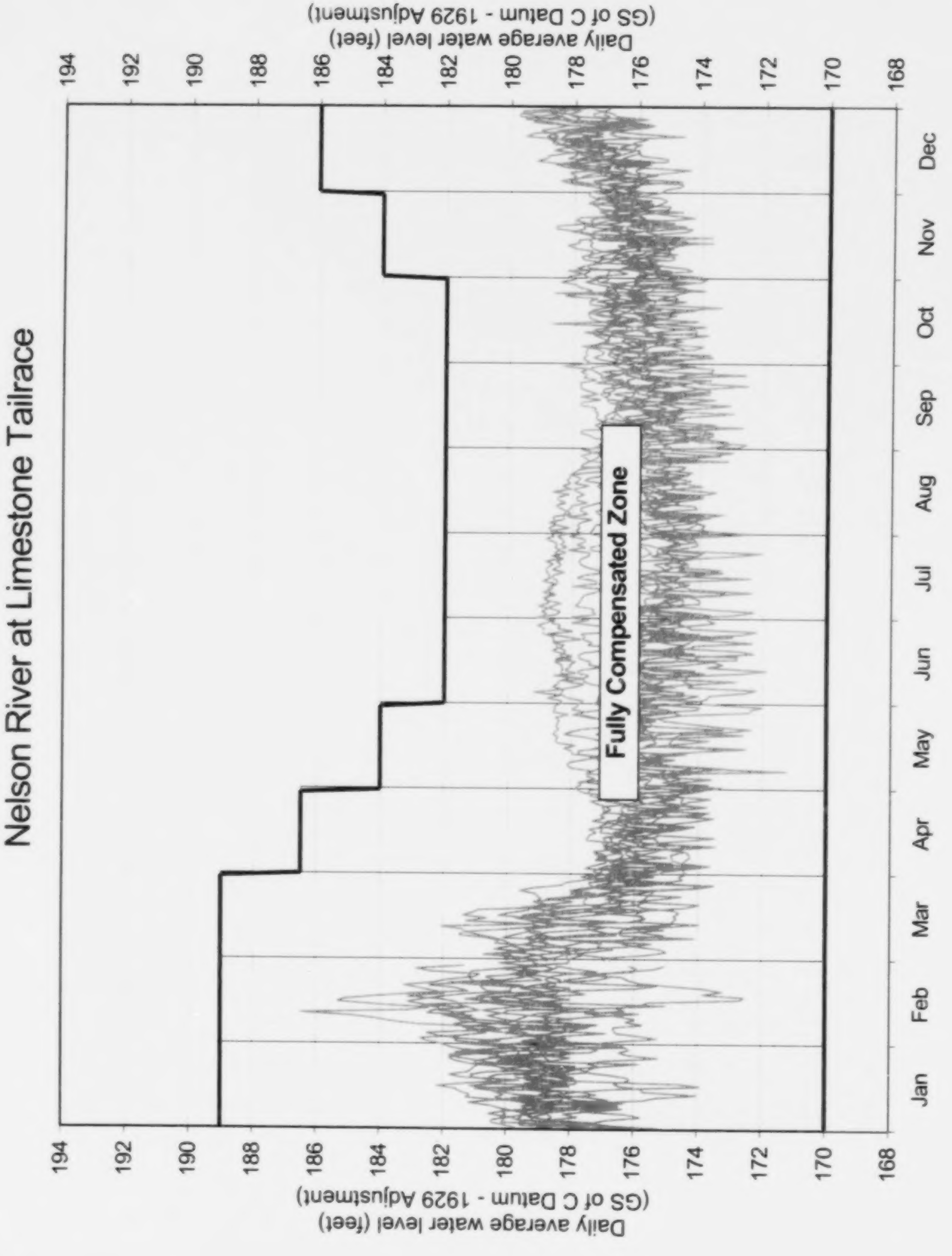
SCHEDULE 3.2


Nelson River at Long Spruce Forebay
Daily average water level (feet)
(GS of C Datum - 1929 Adjustment)
366
365
364
363
362
361
360
359
358
357
356
355
354
353
352
351
350
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Fully Compensated Zone
Predetermined Compensation Zone
Predetermined Compensation Rate
$500/ft/day

SCHEDULE 3.3


Nelson River at Limestone Forebay
Daily average water level (feet)
(GS of C Datum - 1929 Adjustment)
Daily average water level (feet)
(GC of C Datum - 1929 Adjustment)
282
281
280
279
278
277
276
275
274
273
272
271
270
269
268
267
266
Jan
Feb
Mar
Apr
May
Jun
Jul
Aug
Sep
Oct
Nov
Dec
Fully Compensated Zone
Predetermined Compensation Zone
Predetermined Compensation Rate
$500/ft/day

SCHEDULE 3.4



Nelson River at Limestone Tailrace

SCHEDULE 3.5

PDC CALCULATION
FOX LAKE FIRST NATION SETTLEMENT AGREEMENT

The following outlines the Predetermined Compensation (PDC) calculation for the Fox Lake First Settlement Agreement at Long Spruce Forebay.

Daily Average Water Level

The PDC calculation is based on the **Daily Average Water Levels** (DAWL) rounded to the nearest tenth of a foot.

PDC Amount

The PDC calculation is based on the amount that the DAWL falls below the Zone boundary in a low water condition. The following is an example PDC calculation for one day in June:

In June, the upper bound of the PDC zone [UB] = 356.5 feet and the lower bound of the PDC zone [LB] = 354.0 feet.

Therefore:
[Z_{max}] = UB – LB = 2.5 feet

If the [DAWL] = 356.3 feet above sea level, then
[Z_{calc}] = UB – DAWL = 356.5 - 356.3 = 0.2 feet and
[Z] = minimum of Z_{max} and Z_{calc} = 0.2 feet

Then Pre-Determined Compensation (PDC) would be the following:
PDC payment =Z * \$500/ft/day = \$100.00 for the day.

Drawdown Event

If the DAWL falls below the lower boundary of the PDC zone a drawdown event has taken place. In addition to the PDC amount calculated (as above), a lump sum payment of \$20,000 will be made for each drawdown event during the year.

Minimum Payment

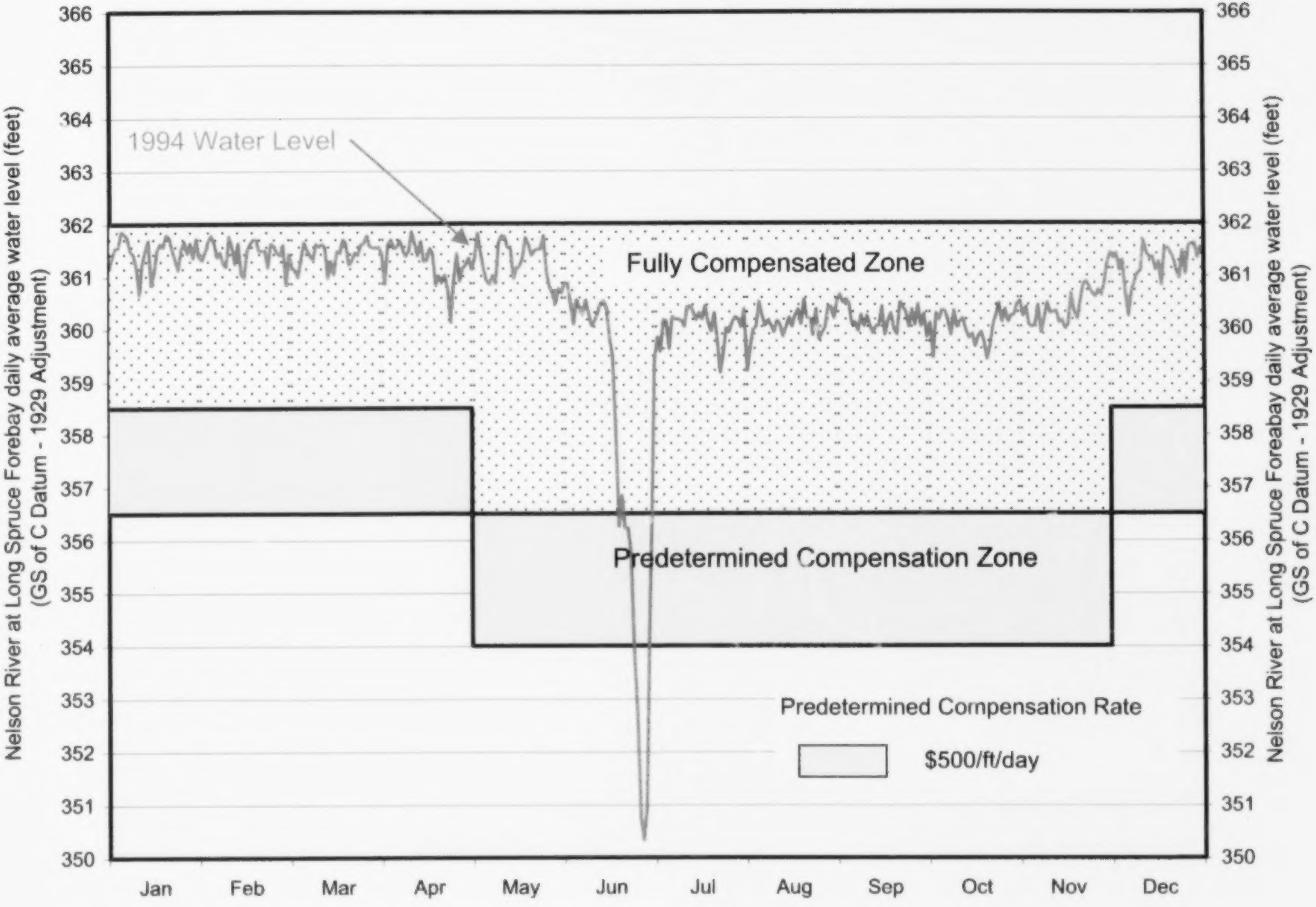
If the DAWL enters the PDC zone at any time during the year the PDC payment will be the greater of the calculated amount (as above) or \$5000.

Sample Year

On the attached chart, the DAWL for 1994 was in the PDC zone on June 20th and from June 22nd to June 30th. A single drawdown event lasting 5 days occurred during this time period. The attached table illustrates the example PDC calculation for this time period.

Fox Lake First Nation - Predetermined Compensation Zone

Long Spruce Forebay Calculation using 1994 Water Levels



Example Calculation of PDC

Fox Lake First Nation Settlement Agreement
Nelson River at Long Spruce Forebay
(using 1994 water levels)

Date	Daily Average Water Level [DAWL] (feet)	Upper Bound of PDC Zone [UB] (feet)	Lower Bound of PDC Zone [LB] (feet)	Zone	Drawdown Event Number	DAWL less than UB by $[Z]_{calc}$ = UB - DAWL (feet)	Maximum Z $[Z]_{max}$ = UB - LB (feet)	[Z] min of Z_{calc} & Z_{max} (feet)	PDC Rate for Zone	PDC ($)
Jun-19	358.1	356.5	354.0	FCZ	-		2.5		-	$ -
Jun-20	356.3	356.5	354.0	PDC	-	0.2	2.5	0.2	[Z] x $500/ft/day	$ 100.00
Jun-21	356.8	356.5	354.0	FCZ	-		2.5		-	$ -
Jun-22	356.2	356.5	354.0	PDC	-	0.3	2.5	0.3	[Z] x $500/ft/day	$ 150.00
Jun-23	356.2	356.5	354.0	PDC	-	0.3	2.5	0.3	[Z] x $500/ft/day	$ 150.00
Jun-24	355.7	356.5	354.0	PDC	-	0.8	2.5	0.8	[Z] x $500/ft/day	$ 400.00
Jun-25	353.9	356.5	354.0	PDC/Drawdown	1	2.6	2.5	2.5	[Z] x $500/ft/day	$ 1,250.00
Jun-26	352.7	356.5	354.0	PDC/Drawdown	1	3.8	2.5	2.5	[Z] x $500/ft/day	$ 1,250.00
Jun-27	350.7	356.5	354.0	PDC/Drawdown	1	5.8	2.5	2.5	[Z] x $500/ft/day	$ 1,250.00
Jun-28	350.3	356.5	354.0	PDC/Drawdown	1	6.2	2.5	2.5	[Z] x $500/ft/day	$ 1,250.00
Jun-29	351.0	356.5	354.0	PDC/Drawdown	1	5.5	2.5	2.5	[Z] x $500/ft/day	$ 1,250.00
Jun-30	354.2	356.5	354.0	PDC	-	2.3	2.5	2.3	[Z] x $500/ft/day	$ 1,150.00
Jul-1	356.5	356.5	354.0	FCZ	-		2.5		-	$ -

Number of Drawdown Events 1

PDC Total	$	8,200.00
Drawdown Event	$	20,000.00
Grand Total	**$**	**28,200.00**

ARTICLE 4 - WATER REGIME DOWNSTREAM OF LIMESTONE

4.1 INTRODUCTION

4.1.1 Introduction. Article 4 identifies measures agreed to by **Fox Lake** and **Hydro** to address the unique circumstances arising from the significant fluctuations in the water regime downstream of the Limestone Generating Station.

4.2 SAFETY AND MITIGATORY MEASURES

4.2.1 Risks. The **Parties** acknowledge that there are particular risks associated with the use of the Nelson River between the Limestone Generating Station and Conawapa Rapids and that the use of this portion of the river for any reason has the potential to result in injury, death and/or loss or damage to **Personal Property**.

4.2.2 **Fox Lake** to Inform **Fox Lake Citizens**. **Fox Lake** will take reasonable and continuing steps to inform **Fox Lake Citizens** of the risks associated with using the area referenced in subsection 4.2.1, in order to discourage **Fox Lake Citizens** from travelling in this area.

4.2.3 Additional Risk Management Measures. **Hydro** and **Fox Lake** will work together to identify additional reasonable measures, if any, such as increased signage, which may be undertaken to discourage the use of the stretch of the Nelson River referenced in subsection 4.2.1. Neither **Fox Lake** nor **Hydro** is obliged by this subsection to implement any new measure to discourage the use of that stretch of the Nelson River.

4.2.4 Measures Downstream of Conawapa. Although the risks associated with the use of the Nelson River downstream of Limestone are significantly lower below Conawapa Rapids, in an effort to reduce the risks associated with the use of the Nelson River between Conawapa Rapids and Hudson Bay and to enhance the continued use of this stretch of the Nelson River by **Fox Lake Citizens**, **Hydro** will:

(a) subject to any regulatory and permitting requirements, in consultation with **Fox Lake** construct three cabins (16 feet by 16 feet; wooden frame structure; two windows; one door, one woodstove, and sufficient plywood and dimensional lumber to construct one table and four bunk-beds per cabin);

(b) subject to any regulatory and licensing requirements, in consultation with **Fox Lake** provide and install a portable, durable and easily removable boat landing ramp (designed to provide a smooth surface over which boats can be hauled into and out of the water) in the vicinity of each of Monkey Island, Jackfish Island, Weir River, Angling River and Roblin River/Deer Island;

(c) purchase and deliver to **Fox Lake** three satellite phones for the use of **Fox Lake Citizens** who use the Nelson River downstream of Conawapa Rapids; and

(d) transfer legal ownership as personal property of the cabins, boat ramps and satellite phones to **Fox Lake.**

4.2.5 Limitation on **Hydro** Responsibilities. With the exception of those requirements set out in subsection 4.2.6, **Hydro** will not be responsible for:

(a) the operation, maintenance or replacement of any of the items listed in subsection 4.2.4, or of any component thereof, irrespective of whether such items are lost, damaged, stolen or no longer suitable;

(b) the replacement of any of the items listed in subsection 4.2.4 with alternate measures in the event that the listed items are no longer suitable; and

(c) any operating expenses and charges that arise in connection with the satellite phones.

4.2.6 Installation of Boat Landing Ramps. Subject to subsection 4.2.7, **Hydro** will be responsible for the installation, removal and replacement of the boat landing ramps referenced in paragraph 4.2.4(b) on a seasonal basis and may enter into a contract for such services with **Fox Lake Citizens** who regularly use the Nelson River downstream of Conawapa Rapids.

4.2.7 Removal of Boat Landing Ramps. If it is determined that the boat landing ramps referenced in paragraph 4.2.4(b) do not effectively address the concerns of **Fox Lake Citizens** or are no longer suitable, then **Hydro** may remove the boat landing ramps and will no longer be required to install them on a seasonal basis or replace them as set out in subsection 4.2.6. If the boat landing ramps are not capable of providing access **Hydro** will meet with **Fox Lake** in an effort to find other suitable ways to address the access issue.

4.2.8 **Fox Lake** Responsibilities. **Fox Lake** shall be responsible for:

(a) subject to subsections 4.2.6 and 4.2.7, the operation, maintenance or replacement of any of the items listed in subsection 4.2.4, or of any component thereof; and

(b) all operating expenses and charges that arise in connection with the satellite phones.

Subject to the requirements of the **Indenture**, **Fox Lake** may use the **Financial Proceeds** paid by **Hydro** towards the costs of operation, maintenance, or replacement of any of the items identified in subsection 4.2.4.

4.3 CLAIMS FOR LOSS OR DAMAGE TO PERSONAL PROPERTY

4.3.1 No Release for Certain Claims. **Hydro** and **Fox Lake** acknowledge that, in accordance with paragraph 9.2.3(d), claims may continue to be made against **Hydro** for loss or damage to **Personal Property** which is suffered by **Fox Lake** and **Fox Lake Citizens**, on the Nelson River downstream of the Limestone Generating Station after the **Date of this Agreement**.

4.3.2 Assessment of Claims. **Hydro** and **Fox Lake** acknowledge that if a claim of the nature described in subsection 4.3.1, is advanced by **Fox Lake** or **Fox Lake Citizens** against **Hydro**, a factor that may be considered by **Hydro** in assessing the claim, is the responsibility or contributory negligence of the claimant.

ARTICLE 5 - LANDS

5.1 INTRODUCTION

5.1.1 Introduction. Article 5 provides for:

(a) the transfer of the **Kettle River Site** to or for the benefit of **Fox Lake**, subject to a **Project Easement**;

(b) the transfer of the **Angling Lake Site** to the **Land Corporation** in fee simple;

(c) the transfer of the mines and minerals and residual Crown (Manitoba) interests within the **Kettle Crescent Site** to **Canada**;

(d) the transfer of the **Sundance Site** to the **Land Corporation** in fee simple;

(e) the withholding of the **Limestone Construction Camp** from disposition to any third party for a specified period of time; and

(f) a study related to the establishment of a **Reserve** in the **Gillam Trailer Court**.

5.2 BOUNDARY SURVEYS

5.2.1 Request for Approval of Survey Instructions. **Manitoba** will request that the Surveyor General of Canada approve the survey instructions set out in Schedule 5.1 as such instructions relate to the **Kettle River Site**.

5.2.2 Surveys by **Manitoba**. As soon as reasonably practicable after the **Date of this Agreement**, and having regard to field conditions, **Manitoba**, in consultation with **Fox Lake** and **Hydro**, will commence legal surveys of the boundaries of the **Kettle River Site**, **Angling Lake Site** and **Sundance Site** in accordance with subsection 5.2.3 and the survey instructions referred to in subsection 5.2.1.

5.2.3 Completion of Boundary Surveys. Subject to subsection 5.2.4, **Manitoba** will make reasonable efforts to have legal surveys of the boundaries of the **Kettle River Site**, **Angling Lake Site** and **Sundance Site** completed within twelve (12) months of the commencement of the survey of that site.

5.2.4 Delay in Surveying. Where a legal survey referred to in subsection 5.2.2 is delayed due to weather or other conditions outside the control of **Manitoba** or

Hydro, **Manitoba** will complete or cause to be completed a legal survey of the boundaries of that site as soon thereafter as may be reasonably practicable.

5.2.5 Costs of Surveys. Subject to subsection 5.2.6, **Manitoba** will complete:

(a) all surveys for the **Kettle River Site**, **Angling Lake Site** and **Sundance Site**; and

(b) the transfers and registrations of title for the **Kettle River Site**, **Angling Lake Site** and **Sundance Site**;

at no cost to **Fox Lake** or the **Land Corporation**, and **Manitoba** will pay any land transfer tax which may otherwise be payable.

5.2.6 Costs Chargeable. Should the **Land Corporation** decline to accept fee simple title for the **Kettle River Site**, the **Angling Lake Site** or the **Sundance Site**, the costs of the survey and registration of title, if incurred, plus other reasonable costs, will be paid by **Fox Lake** to **Manitoba**, on demand.

5.3 EASEMENT LINES AND PROJECT EASEMENTS

5.3.1 Establishment of **Easement Lines**. **Manitoba**, in consultation with **Hydro** and **Fox Lake**, will determine an **Easement Line** on the **Kettle River Site** in accordance with a process and methodology that:

(a) consider the potential effects of the **Project** on the lands, including the effects of flooding, wind setup, wave uprush, erosion and ice conditions;

(b) are based on a combination of flood and wind events having a probability of occurrence of once every 100 years;

(c) apply recognized hydraulic engineering methodology in calculating wind setup and wave uprush values; and

(d) include estimates of erosion based on geotechnical studies to provide sufficient shoreline offset to accommodate long-term erosion.

5.3.2 Explanatory Plan of **Easement Lines**. As soon as reasonably practicable after the determination of an **Easement Line** on the **Kettle River Site** in accordance with subsection 5.3.1, **Manitoba** will:

(a) undertake, or cause to be undertaken, a survey of the **Easement Line** by photogrammetric methods;

(b) produce, or cause to be produced, an explanatory plan of the **Easement Line** of a nature referred to in section 31 of the *Canada Lands Surveys Act* (Canada);

(c) provide a copy of the explanatory plan to **Fox Lake**, **Hydro** and, if requested, **Canada**; and

(d) provide a description of the land which will be subject to a **Project Easement** to **Fox Lake**, **Hydro** and, if requested, **Canada**.

5.3.3 Confirmation by **Fox Lake and Hydro**. **Fox Lake** and **Hydro** will each, as soon as reasonably practicable after receipt of the explanatory plan referred to in subsection 5.3.2, advise **Manitoba** in writing:

(a) whether or not the **Easement Line** has been properly determined in accordance with the process and methodology established under subsection 5.3.1;

(b) whether or not the explanatory plan accurately describes the **Easement Line**; and

(c) whether or not that **Party** approves the description of the land to be subject to the **Project Easement**.

5.3.4 Accuracy of Explanatory Plan. If, pursuant to subsection 5.3.3, **Fox Lake** or **Hydro** advises **Manitoba** that:

(a) the **Easement Line** has not been properly determined in accordance with the process and methodology established under subsection 5.3.1;

(b) the explanatory plan does not accurately describe the **Easement Line**; or

(c) it does not approve the description of the land to be subject to the **Project Easement**;

Manitoba and **Fox Lake** or **Hydro**, as the case may be, will determine what steps, if any, need to be taken to resolve any issues relating to the description.

5.3.5 Field Survey of **Easement Line**. Where an **Easement Line** is located in an area of the **Kettle River Site** that is developed by **Fox Lake** or in an area that is proposed to be developed by **Fox Lake**, **Manitoba** will cause the **Easement Line** to be demarcated on the land by field survey methods in accordance with the survey instructions set out in Schedule 5.1:

(a) within 12 months of the determination of the **Easement Line** where the area adjacent to the **Easement Line** is developed; and

(b) within 12 months of notice in writing from **Fox Lake** that the area adjacent to the **Easement Line** is proposed to be developed by **Fox Lake**.

5.3.6 **Project Easement Agreement**. The **Kettle River Site** will be subject to a **Project Easement** in favour of **Manitoba** and **Hydro** over that portion of the parcel lying below the **Easement Line**. The **Project Easement Agreement** will be based on the form in Schedule 5.2 (with necessary changes to the form to reflect the transfer of the **Kettle River Site** to the **Land Corporation** in fee simple).

5.4 LAND USE PERMITS

5.4.1 Land Use Permits. Where **Fox Lake** proposes developing the **Kettle River Site**, the **Angling Lake Site** or the **Sundance Site** prior to the transfer of the parcel in accordance with Article 5, **Manitoba** will, as soon as reasonably practicable following receipt of a written request by **Fox Lake**, issue a land use permit to the **Land Corporation** for the parcel which **Fox Lake** proposes developing substantially in the form attached as Schedule 5.3.

5.5 KETTLE RIVER SITE

5.5.1 Map of **Kettle River Site**. The **Kettle River Site** is the parcel of Crown (Manitoba) land depicted on the map attached as Schedule 5.4.

5.5.2 Transfer of **Kettle River Site** in Fee Simple **Manitoba** will as soon as practicable after the **Date of this Agreement** transfer the **Kettle River Site** to the **Land Corporation** in fee simple, subject to a **Project Easement** based on the form of **Project Easement Agreement** set out in Schedule 5.2 (with necessary changes to the form to reflect the transfer of the **Kettle River Site** to the **Land Corporation** in fee simple) but otherwise free and clear of all encumbrances, reservations, estates, rights and interests in favour of any person, and for greater certainty:

(a) no reservations to **Manitoba** under subsection 4(1) of *The Crown Lands Act* (Manitoba) will apply to the **Kettle River Site**; and

(b) rights in mines and minerals, both precious and base, rights in Crown timber and all other estates, rights and interests will be transferred by **Manitoba** to the **Land Corporation**.

5.5.3 Future **Reserve** Status. Following a transfer of the **Kettle River Site** in fee simple to the **Land Corporation** under subsection 5.5.2, **Manitoba** will, upon the written request of **Fox Lake** made by **Council Resolution**, cooperate to facilitate a transfer of these lands to **Canada** for the purpose of setting these lands apart as **Reserve** subject to a **Project Easement**. Without the agreement of **Fox Lake** the **Kettle River Site** will not be transferred to **Canada** to be set apart as **Reserve** as part of Fox Lake's Treaty Land Entitlement shortfall.

5.5.4 Dam Safety. The **Kettle River Site** is located on the Kettle River downstream of the Butnau Dam. **Fox Lake** has been advised that in the unlikely event of a failure of the Butnau Dam or other containment dykes in the area, portions of this site will be subject to inundation and that accordingly, **Hydro** is prepared to meet with **Fox Lake** to inform it of the risks which might arise as a consequence of such a dam failure. This provision is not intended to release **Hydro** from any liability which it may have in relation to such a failure.

5.6 ANGLING LAKE SITE

5.6.1 Map of **Angling Lake Site**. The **Angling Lake Site** is the parcel of Crown (Manitoba) land depicted on the map attached as Schedule 5.5.

5.6.2 Registration of Transfer of Title. Subject to subsection 5.6.3, upon completion of the legal survey of the boundaries of the **Angling Lake Site** in accordance with section 5.2, **Manitoba** will register, in the appropriate Land Titles Office, a transfer to the **Land Corporation** of fee simple title in relation to the **Angling Lake Site**.

5.6.3 Reservations to **Manitoba**. **Manitoba** will reserve to itself out of the transfer of the **Angling Lake Site** those reservations contained in clauses 4(1)(b), (c), (d), (e), and (f) of *The Crown Lands Act* (Manitoba). The reservation contained in clause 4(1)(a) of *The Crown Lands Act* (Manitoba) will not be reserved to **Manitoba**.

5.7 KETTLE CRESCENT SITE

5.7.1 Description of **Kettle Crescent Site**. The **Kettle Crescent Site** is the parcel of Crown (Canada) land described and depicted in Schedule 5.6.

5.7.2 Assurances from **Canada**. In order to support and facilitate **Fox Lake's** initiative to have the **Kettle Crescent Site** set apart as **Reserve**, **Manitoba** will, in accordance with subsections 5.7.4 to 5.7.6 inclusive, transfer the mines and minerals and residual Crown (Manitoba) interests within the **Kettle Crescent Site** to **Canada** following the receipt of written assurances from **Canada** that it will:

(a) accept administration and control of the mines and minerals and the residual Crown (Manitoba) interests; and

(b) set the **Kettle Crescent Site**, including mines and minerals, apart as **Reserve**.

5.7.3 **Manitoba** to Seek Written Assurances from **Canada**. **Manitoba** will seek the written assurances referred to in subsection 5.7.2 from **Canada** as soon as practicable after the **Date of this Agreement**.

5.7.4 Provision of Form of Order in Council to **Canada**. Upon receipt of the written assurances referred to in subsection 5.7.2, **Manitoba** will provide **Canada** with a copy of the form of Order in Council attached as Schedule 5.7 to transfer administration and control of the mines and minerals and residual Crown (Manitoba) interests within the **Kettle Crescent Site** to **Canada** in contemplation of **Canada** setting the mines and minerals apart as **Reserve**.

5.7.5 Consultation on Changes to Form of Order in Council. If **Canada** requires changes to the form of Order in Council provided to it by **Manitoba** under subsection 5.7.4, **Manitoba** will consult with **Canada** and **Fox Lake** on the changes required to the form of Order in Council.

5.7.6 Transfer of **Kettle Crescent Site** by Order in Council. Following assurances from **Canada** that the form of Order in Council provided to it pursuant to subsection 5.7.4 is acceptable to **Canada**, **Manitoba** will:

(a) transfer, by Order in Council substantially in the form of Schedule 5.7, or, where applicable, in the form determined as a result of the consultation under subsection 5.7.5, administration and control of the mines and minerals and residual Crown (Manitoba) interests within the **Kettle Crescent Site** to **Canada** in contemplation of **Canada** accepting administration and control of the mines and minerals and residual Crown (Manitoba) interests and setting the mines and minerals apart as **Reserve**; and

(b) provide a certified copy of that Order in Council to both **Fox Lake** and **Canada**.

5.8 SUNDANCE SITE

5.8.1 Description of **Sundance Site**. The **Sundance Site** is the parcel of Crown (Manitoba) land that is described and depicted in Schedule 5.8.

5.8.2 Registration of Transfer of Title. Subject to subsection 5.8.3, upon completion of the legal survey of the boundaries of the **Sundance Site** in accordance with section 5.2, **Manitoba** will register, in the appropriate Land Titles Office, a transfer to the **Land Corporation** of fee simple title in relation to the **Sundance Site**.

5.8.3 Reservations to **Manitoba**. **Manitoba** will reserve to itself out of the transfer of the **Sundance Site** those reservations contained in clauses 4(1)(b), (c), (d), (e) and (f) of *The Crown Lands Act* (Manitoba). The reservation contained in clause 4(1)(a) of *The Crown Lands Act* (Manitoba) will not be reserved to **Manitoba**.

5.9 LIMESTONE CONSTRUCTION CAMP

5.9.1 Map of **Limestone Construction Camp**. The **Limestone Construction Camp** is the parcel of Crown (Manitoba) land depicted on the map attached as Schedule 5.9.

5.9.2 Disposition. Both **Hydro** and **Fox Lake** are interested in the **Limestone Construction Camp**. **Hydro** is interested in the site as a potential staging area for the stock-piling, crushing and shipping of stone required for proposed future development of the Conawapa Generating Station. **Fox Lake** is interested in ultimately acquiring title to the site, after **Hydro's** use has been accommodated, and using it for the benefit of its members.

5.9.3 Withhold From Disposition. **Manitoba** will withhold the **Limestone Construction Camp** from disposition to any party, except for the paramount disposition for the use of **Hydro** under subsection 5.9.4 and any interim or subsequent dispositions to **Fox Lake** contemplated under subsections 5.9.5 and 5.9.6.

5.9.4 Limited disposition to **Hydro**. Subject to **Hydro's** obtaining all required environmental and other licences, **Manitoba** agrees to grant to **Hydro** the right, licence and permission to use the **Limestone Construction Camp** for paramount purposes of the proposed future development of the Conawapa Generating Station including using the site for stock-piling, crushing and shipping of stone required for such proposed future development.

5.9.5 Subsequent Disposition. **Hydro** will notify **Manitoba** and **Fox Lake** when **Hydro** no longer requires the **Limestone Construction Camp** site for the proposed future development of the Conawapa Generating Station. Upon receiving such notification, **Manitoba** agrees, subject to any required approvals or licences, to have the **Limestone Construction Camp** site surveyed and to convey fee simple title to the site to the **Land Corporation**.

5.9.6 Interim Use. **Manitoba** and **Hydro** agree that prior to title being issued to the **Land Corporation, Fox Lake** may, at its own risk and subject to obtaining all required licences, permits and approvals, use the **Limestone Construction Camp** site for reasonable, non-permanent purposes that do not in any way interfere with or impede **Hydro's** use of the site for the proposed future development of the Conawapa Generating Station.

5.9.7 Identification of Work Packages. Without affecting or diminishing any other rights, benefits or opportunities which may be available to **Fox Lake** and **Fox Lake Citizens** in the planning, development, construction, operation and maintenance of Conawapa, prior to undertaking any work on the **Limestone Construction Camp** site, in preference to other contractors or communities, **Hydro**, in consultation with **Fox Lake**, shall identify a work package, or work packages, associated with the crushing, stockpiling and shipping of stone taken from the Limestone Quarry, that could reasonably be undertaken by **Fox Lake** or **Fox Lake Citizens** given their then existing business capacity, including joint ventures or co-venturing opportunities then available provided that:

(a) any such joint or co-venture arrangement has the potential to enhance the capacity or skills of **Fox Lake**;

(b) **Fox Lake** or **Fox Lake Citizens** have at least a 50% ownership interest in the joint or co-venturing arrangement; and

(c) **Fox Lake** or **Fox Lake Citizens** have a substantial involvement in the decision making of, and a substantial interest in the benefits flowing from, such joint or co-venture.

5.9.8 Alternate Site. Should the crushing, stockpiling and shipping of stone taken from the Limestone Quarry, at present contemplated to be undertaken on the **Limestone Construction Camp** site, be relocated to another site in the vicinity of the Limestone Quarry, the first preference referenced in subsection 5.9.7 in relation to the crushing, stockpiling and shipping of stone taken from the Limestone Quarry, shall be available to **Fox Lake** on the new site.

5.9.9 Preference for **Fox Lake**. Where a work package or packages are identified as contemplated in Article 5.9.7 or 5.9.8, **Hydro** will work with **Fox Lake** to negotiate a contract for such work package(s), in priority to any other potential contractor or community, provided that **Fox Lake** can demonstrate the ability to meet reasonable contractual standards in relation to costs, quality and schedule.

5.9.10 **Hydro** Obligation with Respect to Limestone Construction Camp. After notification is given by **Hydro** to **Manitoba** and **Fox Lake** under subsection 5.9.5, **Hydro** will, at the request of **Fox Lake** or **Manitoba**, take all steps necessary to remove any contaminants from the lands associated with **Hydro's** past use of those lands in full compliance with objective environmental standards set out in the applicable statutes or regulations of **Manitoba** in force at the time the request is made. If **Fox Lake** includes the **Limestone Construction Camp** in a submission to **Canada** for the creation of new **Reserve** lands, **Hydro** will take all steps necessary to remove any contaminants from the lands associated with **Hydro's** past use of those lands in full compliance with objective environmental standards set out in the applicable statutes or regulations of **Canada** in force at the time the request is made.

5.10 GILLAM TRAILER COURT

5.10.1 Description of **Gillam Trailer Court**. The location of the **Gillam Trailer Court** is the area depicted on the map of the Town of Gillam which is attached as Schedule 5.10.

5.10.2 Establishment of Committee. A Committee will be established consisting of one representative of each of **Fox Lake**, **Manitoba**, and the Town of Gillam, with a representative of **Hydro** participating where requested by the Committee.

5.10.3 Study of a Potential **Reserve** in the **Gillam Trailer Court**. The Committee established under subsection 5.10.2 will be responsible for selecting an independent consultant who will conduct a study related to the creation of a **Reserve** in the **Gillam Trailer Court** in accordance with the terms of reference attached as Schedule 5.11.

5.10.4 Commitment by **Manitoba**. In order to facilitate **Fox Lake's** initiative to have the **Gillam Trailer Court** set apart as **Reserve**, **Manitoba** will:

(a) make available to **Fox Lake** up to $20,000.00 for the purpose of reimbursing **Fox Lake** for the cost of retaining the independent consultant to conduct the study referred to in subsection 5.10.3; and

(b) provide **Fox Lake** with a letter in the form of Schedule 5.12.

5.11 NO COMMITMENT TO ESTABLISHMENT OF RESERVES

5.11.1 No Commitment to Establishment of **Reserves**. The **Parties** acknowledge that only **Canada** has the authority to set land apart as **Reserve** for the use and benefit of **Fox Lake** and therefore the commitments made by **Manitoba** and **Hydro** under this **Agreement** are not dependent on any lands being set apart as **Reserve** by **Canada**.

5.12 CONDITION OF LAND AT SUNDANCE SITE AND LIMESTONE CONSTRUCTION CAMP

5.12.1 Underground Infrastructure at **Sundance Site** Not to be Removed. The **Parties** have agreed that the underground infrastructure at the **Sundance Site** will not be removed.

5.12.2 Satisfaction of Remedial and Pollution Abatement Requirements. **Manitoba** and **Hydro** acknowledge that the **Sundance Site** and **Limestone Construction Camp** are located on Crown (Manitoba) lands and that **Hydro** has met all the remedial and pollution abatement requirements of **Manitoba** associated with **Hydro's** past use of the **Sundance Site** and **Limestone Construction Camp**.

5.12.3 Hydro Obligation. If **Fox Lake** includes the **Sundance Site** or the **Limestone Construction Camp** in a submission to **Canada** for the creation of new **Reserve** lands, **Hydro** will take all steps necessary to remove any contaminants from the lands associated with **Hydro's** past use of those lands in full compliance with objective environmental standards set out in the applicable statutes or regulations of **Manitoba** or **Canada** in force at the time the request is made.

SCHEDULE 5.1 – SURVEY INSTRUCTIONS

A. LEGAL SURVEYS OF PARCEL BOUNDARIES AND EXCLUSIONS

1. General:

(a) To conduct surveys as required, prepare plans and survey reports of lands in accordance with Land Titles Office guidelines and these survey instructions;

(b) To prepare parcel plans of areas at a suitable scale not less than 1:20,000;

(c) To prepare plans of **Easement Lines** at a suitable scale not less than 1:20,000; and

(d) To prepare plans of easements at a suitable scale not less than 1:20,000.

2. Surveys of Parcel Boundaries and Exclusions:

(a) Datum:

UTM grid line values referred to in parcel descriptions are referenced to North American Datum 1927.

(b) Bearings:

Bearings will be derived from the control and referenced to the Central Meridian of U.T.M. Zone 14. Bearings, not angles, will show on all surveyed boundaries.

(c) Monuments:

Monuments along surveyed boundaries will be inter-visible and the maximum distance between each will be 1 km. The monuments will be 0.025 m x 0.025 m x 0.914 m iron posts set a minimum of 0.8 m in overburden or short iron rock posts which will be cemented into place. Ties will be shown to all permanent water bodies.

(d) Ancillary Monumentation:

Mark the monument with ancillary monumentation at intervals of approximately 1 km, at a principal corner, or where the perimeter of a parcel is less than 1 km or the parcel is an island, mark at least one monument. Ancillary monumentation may be a T-iron marker post, a wooden reference post (being a minimum 1.2 m in length above ground, 10 cm square and beveled at the top), or a minimum of two durable bearing trees (properly blazed, marked and located within 20 m of the monument).

(e) Cut Lines:

The inland boundary will be surveyed on true line and line cut to ensure a visible skyline.

(f) Enclosed Parcels:

Enclosed parcels will be identified by letter with areas of each shown.

(g) Control:

Global Positioning System control will be expanded along as required to accommodate plotting the Ordinary High Water Mark and to provide additional coordinate control, all to be referenced to the closest available Control Monument. These monuments and values will be shown on the Plan. The Global Positioning System process will exceed third order accuracies.

(h) Ordinary High Water Mark Boundaries:

All pertinent Ordinary High Water Mark boundaries may be plotted from aerial photography in accordance with Land Titles Office guidelines.

(i) Road Allowances:

All projected or surveyed road allowances contained within the bounds of lands described in this **Agreement** will form part of the said lands.

(j) Water Beds:

The beds of all water bodies located fully within the bounds of lands described in this **Agreement** will form part of said lands excepting those water bodies which are specifically excluded herein. The beds of all water bodies which may be determined to intersect the boundaries of said lands will be excluded therefrom.

(k) Bench Marks:

Bench Marks will be identified in the Plan Notes with supporting Bench Marks placed at suitable locations and shown on the Plan.

(l) Survey Reports:

Written survey reports will be compiled by the surveyor-in-charge for each survey completed. These reports will speak to experiences and occurrences encountered during the course of the field survey such as those cited in the Manitoba Regional Surveyor's Directive No. 13 entitled DIRECTIVE FOR STANDARDS OF REPORT WRITING, dated June 1987. The report will be part of the survey returns and recorded in the Canada Lands Surveys Records and at the option of **Manitoba**, filed in a provincial registry.

(m) Exclusions:

Excluded lands for public purposes will be surveyed with all boundary lines to be line cut to ensure a visible skyline. The Plan will show bearings and distances along these boundaries of the excluded lands.

B. SURVEYS OF EASEMENT LINES

1. Explanatory Plan(s) of **Easement Lines**:

The location of **Easement Lines**, as shown on Explanatory Plan(s) of **Easement Lines**, has been based on the process and methodology that:

A. consider the potential effects of the **Project** on the lands, including the effects of flooding, wind setup, wave uprush, erosion and ice conditions;

B. are based on a combination of flood and wind events having a probability of occurrence of once every 100 years;

C. apply recognized hydraulic engineering methodology in calculating wind setup and wave uprush values; and

D. include estimates of erosion based on geotechnical studies to provide sufficient shoreline offset to accommodate long-term erosion.

2. Reference to Parcel Boundaries:

   Easement Lines as shown on Explanatory Plan(s) of **Easement Lines** will be referenced on Plan(s) of Easement to monuments placed at the intersection of **Easement Lines** with Parcel Boundaries or a single monument where the Parcel is an island in accordance with requirements for Monuments and Ancillary Monumentation described in this Schedule.

3. On-the-Ground Surveys:

   Where field surveys defining all or part of the **Easement Lines** are required under this **Agreement**, final field location of the survey monuments will be determined by the Surveyor-in-Charge carrying out the survey, in consultation with representatives of **Hydro** and **Fox Lake**.

   Where this consultation results in an adjustment to an **Easement Line** from the location shown on the Explanatory Plan of **Easement Lines**, the Surveyor-in-Charge will note in the surveyor's report, the technical reason for which the adjustment was made.

SCHEDULE 5.2 – FORM OF PROJECT EASEMENT AGREEMENT

THIS AGREEMENT made as of the day of , 200*.
AMONG:

FOX LAKE FIRST NATION,
as represented by Chief and Council,

OF THE FIRST PART,

HER MAJESTY THE QUEEN
IN RIGHT OF THE PROVINCE OF MANITOBA,
as represented by The Minister of Conservation,

OF THE SECOND PART,

THE MANITOBA HYDRO-ELECTRIC BOARD,

OF THE THIRD PART.

EASEMENT AGREEMENT

Note: This form of Easement Agreement is drafted to apply in a case where administration and control of Crown land is to be transferred to Canada to be set apart as reserve for the use and benefit of a First Nation. This form of Easement Agreement will be modified as appropriate to reflect the transfer of the Kettle River Site to the Land Corporation in fee simple subject to a Project Easement.

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EASEMENT AGREEMENT

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EASEMENT AGREEMENT

THIS AGREEMENT made as of the day of , 200*.

AMONG:

FOX LAKE FIRST NATION,
as represented by Chief and Council,

(hereinafter referred to as "Fox Lake")

OF THE FIRST PART,

HER MAJESTY THE QUEEN
IN RIGHT OF THE PROVINCE OF MANITOBA,
as represented by The Minister of Conservation,

(hereinafter referred to as "Manitoba")

OF THE SECOND PART,

THE MANITOBA HYDRO-ELECTRIC BOARD,

(hereinafter referred to as "Hydro")

OF THE THIRD PART,

WHEREAS:

A. Fox Lake, Manitoba and Hydro have entered into an agreement dated ______________, 200_, in which Manitoba agreed to transfer administration and control of the Selected Land (as defined in this Easement Agreement) to Canada to be set apart by Canada as Reserve for the use and benefit of Fox Lake, subject to an Easement in favour of Manitoba and Hydro over Easement Land as defined in this Easement Agreement;

B. Canada has provided written assurances to Manitoba that it will:

(1) accept administration and control of the Selected Land subject to the Easement interest created under this Easement Agreement, and

(2) set the Selected Land apart as Reserve for the use and benefit of Fox Lake subject to the Easement interest created under this Easement Agreement;

C. Fox Lake has, by resolution of Chief and Council, authorized the Chief and Council to enter into this Easement Agreement on behalf of Fox Lake;

D. The Minister of Conservation of Manitoba, has been authorized to enter into this Easement Agreement on behalf of Manitoba;

E. The appropriate officers of Hydro have been authorized to enter into this Easement Agreement on behalf of Hydro;

NOW THEREFORE, in consideration of the mutual terms and conditions in this Easement Agreement, the parties hereby covenant and agree as follows:

ARTICLE 1 - DEFINITIONS

1.0 Definitions.

In this Easement Agreement, unless otherwise specifically provided, the following words and phrases when capitalized, whether in the plural, the singular or the possessive, will have the following meanings:

a. “ASL” means above sea level;

b. "Canada" means Her Majesty the Queen in right of Canada;

c. “Chief and Council” means the Council of Fox Lake in office at the relevant time;

d. “Easement” means the interest in land created by this Easement Agreement;

e. “Easement Agreement” means this agreement;

f. “Easement Land” means the lands described in section 2.1 of this Easement Agreement;

g. “Easement Line” means the line establishing the upper boundary of the Easement Land, which line has been established based upon certain processes and methodologies to reflect the margin of the effects of flooding, erosion, ice conditions, wind set-up and wave up-rush on the Easement Land, and which has been approved by each of the parties;

h. "Project" means all those physical works related to hydro-electric development on the Churchill, Nelson, Rat and Burntwood River Systems and the development of the Lake Winnipeg Regulation System north of the 53rd parallel, to the extent such works have been physically developed and constructed by or on behalf of Hydro to the   [insert date of Settlement Agreement]   ; and, without limiting the generality of the foregoing, includes all dams, dikes, channels, control structures, excavations, generating stations, roads, transmission lines and other works forming part of, or related to, all aspects of such hydro-electric development including:

- Lake Winnipeg Regulation,
- Churchill River Diversion, including without limitation, the Notigi and Missi control structures,
- Grand Rapids Generating Station,
- Laurie River Generating Station,
- Kelsey Generating Station,
- Kettle Generating Station,
- Long Spruce Generating Station, and
- Limestone Generating Station, including the "Sundance Site" as defined in the agreement referenced in preamble "A",

and the access road and other physical construction with respect to the Conawapa Generating Station;

i. "Reserve" has the same meaning as in the *Indian Act* (Canada), but is restricted to those reserves set apart for the use and benefit of Fox Lake; and

j. "Selected Land" means the parcel of land for which administration and control is being transferred to Canada by Manitoba subject to the Easement and which is described as follows:

(Insert description of Selected Land)

ARTICLE 2 - EASEMENT LAND

2.1 Grant and Reservation of Easement.

Manitoba hereby:

(a) grants to Hydro the right, liberty, privilege and easement in accordance with the terms and conditions in this Easement Agreement; and

(b) reserves to itself out of the transfer to Canada of the administration and control of the Selected Land such administration and control as is required to assure to Manitoba the right, liberty, privilege and easement in accordance with the terms and conditions in this Easement Agreement;

with respect to all the land described as:

[Insert legal description of lands between the Easement Line and the water boundary of the Selected Land]

together with all land that may, through the process of accretion, become part of the Easement Land.

2.2 Easement Granted for the Benefit of Project Structures.

The Easement granted to Hydro and reserved to Manitoba under section 2.1 is for the benefit of the lands on which the structures comprising the Project are located, which constitute the "Dominant Tenement" of the Easement.

2.3 Easement under clause 111(1)(a.1) of *The Real Property Act*.

The Easement granted to Hydro and reserved to Manitoba under section 2.1 is an interest in land and also constitutes a "right of inundation and storage of water" within the meaning of clause 111(1)(a.1) of *The Real Property Act* (Manitoba).

2.4 Easement to Hydro to Continue after Transfer of Administration and Control to Canada.

This Easement Agreement and the rights granted to Hydro under this Agreement shall come into effect upon the execution of this Easement Agreement and shall continue in effect following the transfer of administration and control of the Selected Land to Canada and the Selected Land being set apart as Reserve for the use and benefit of Fox Lake.

2.5 Reservation of Interest by Manitoba to Continue after Transfer of Administration and Control to Canada.

The interest reserved by Manitoba to itself out of the transfer of administration and control to Canada of the Selected Land shall come into effect upon the transfer of administration and control of the Selected Land to Canada and shall continue in effect following the transfer of administration and control of the Selected Land to Canada and the Selected Land being set apart as Reserve for the use and benefit of Fox Lake.

ARTICLE 3 - SCOPE OF EASEMENT

3.1 Rights and Privileges.

Hydro and Manitoba will have the right and privilege during the currency of the Easement to regulate the flow of, to inundate and store water on or over, and to affect from time to time, the Easement Land in accordance with, and subject to, the provisions of this Easement Agreement; and will and may peaceably hold and enjoy the rights, privileges and easements hereby granted without obstruction, hindrance, molestation or interruption on the part of Canada or Fox Lake.

3.2 Purposes of Easement.

The Easement granted in this Easement Agreement, to regulate the flow of, to inundate and store water on or over, and to affect from time to time, the Easement Land, is solely for the purposes related and ancillary to the Project, in accordance with the provisions of this Easement Agreement.

3.3 Limitations.

This Easement Agreement does not grant to Hydro or Manitoba any rights to, or to the use of, the Easement Land, other than as expressly set forth in this Easement Agreement; and Fox Lake may use or continue to use the Easement Land in any manner not contrary to the provisions of this Easement Agreement.

3.5 Jurisdiction.

Except to the extent that partial administration and control is reserved by Manitoba by virtue of express provisions in this Easement Agreement, the Easement Land will remain as Fox Lake Reserve land within the constitutional jurisdiction of the Parliament and Government of Canada. The use of the Easement Land by Hydro, Manitoba, or any successor entity, will be restricted to those uses expressly authorized in this Easement Agreement, notwithstanding the provisions of any law of Manitoba that may purport to authorize uses other than those set forth in this Easement Agreement.

3.6 Exclusions from Grant of Easement.

Nothing in this Easement Agreement will be deemed to vest in Hydro:

(a) any title to the casual revenues of the federal Crown;

(b) any title to the mines, ores, metals, coal, slate, oil, gas, hydrocarbons, aggregate or other minerals in or under the land comprising the Easement Land; or

(c) any right to prevent the exploitation of such minerals by or with the permission of Fox Lake in accordance with the *Indian Act* (Canada) subject to Hydro's rights and privileges pursuant to this Easement Agreement.

ARTICLE 4 - ASSUMPTION OF RIGHTS AND OBLIGATIONS BY MANITOBA

4.1 Assumption by Manitoba.

In the event that Hydro ceases to:

(a) be an agent of Manitoba; or

(b) have effective legal authority and control over the operation of the Project;

and written notice thereof is given to Fox Lake, then Manitoba will, effective on the date notice is given, assume all of the rights and obligations of Hydro under this Easement

Agreement; but in any such event, the assumption by Manitoba of Hydro's rights and obligations under this Easement Agreement will not relieve Hydro of its obligations under this Easement Agreement.

4.2 Dispute.

If a dispute should arise between Manitoba and Hydro with respect to their respective obligations to Fox Lake under section 4.1, Manitoba will ensure such obligations to Fox Lake are met.

ARTICLE 5 - BANK AND SEVERANCE LINE PROTECTION, MAINTENANCE AND RELATED MATTERS

5.1 Inspection, Protection and Maintenance by Hydro and Fox Lake.

Hydro and Fox Lake will each have the right to inspect, protect and maintain, at their own expense, the banks and shorelines forming part of the Easement Land.

5.2 Inspection, Protection and Maintenance by Hydro.

Subject to Article 6, Hydro will periodically inspect, protect and maintain the banks and shorelines within the Easement Land, to ensure that Reserve lands above the Easement Line, and not forming part of the Easement Land, are not damaged or impaired by erosion, slumping or other adverse impacts due to the use of the Easement Land for the purposes of the Project.

5.3 Standards.

All bank protection, shoreline or maintenance work on Easement Land, performed under this Easement Agreement, will be done in accordance with applicable engineering standards.

5.4 Storage of Vehicles, Equipment and Other Chattels.

Except while work permitted under this Easement Agreement is in progress, Hydro, its agents, employees, contractors and sub-contractors will not leave, park or store any vehicles, equipment or other chattels on the Easement Land.

5.5 Damage caused by Fox Lake.

Where damage is caused to bank protection put in place by Hydro, or like works constructed or placed by Hydro on the Easement Land, due to the negligence or deliberate act of Fox Lake, Fox Lake will, at its expense, restore such works to the reasonable satisfaction of Hydro.

5.6 Removal of Timber.

Hydro, its employees, agents, contractors and sub-contractors may fell, cut, trim, or remove any trees or parts thereof, on or from the Easement Land.

5.7 Waste.

Hydro, its agents, employees, contractors and sub-contractors will not commit or permit the commission of any waste, spoilage or destruction, anywhere on the Reserve, including the Easement Land. Any waste, spoilage or destruction on the Easement Land as a result of the regulation of the flow of, the inundation and storage of water on or over, and the affecting from time to time, of the Easement Land permitted under this Easement Agreement will not be a contravention of this section 5.7.

5.8 Removal of Debris or Waste Material.

Hydro will promptly remove debris or waste material placed or caused to be placed on the Easement Land by Hydro works or operations (other than the deposit of debris and waste as a result of the regulation of the flow of, the inundation and storage of water on or over, and the affecting from time to time, of the Easement Land permitted under this Easement Agreement); and in any event not later than seven (7) days after receipt of a written request to do so from Fox Lake.

5.9 Disposal of Material.

Hydro will dispose of any material excavated or removed from the Easement Land in connection with any work permitted under this Easement Agreement or any work otherwise approved in writing by Fox Lake on the Reserve at a location and in a manner as may reasonably be directed by Fox Lake. If Fox Lake has not provided such direction within fourteen (14) days of a request by Hydro for such direction, or in the event of an emergency, Hydro may dispose of any material excavated or removed from the Easement Land at a location off the Reserve. Any such disposal will be in compliance with all applicable laws and regulations.

5.10 Location and Restoration of Easement Line.

In order that construction or other activities within the Easement Land or near the Easement Line can be appropriately located, Hydro will, if requested and reasonably required by Fox Lake or Canada:

(a) locate or restore the Easement Line;
(b) establish or restore cut lines associated with the Easement Line; and
(c) place, check or replace survey monuments

to the satisfaction of the Surveyor General of Canada.

5.11 Restoration of Survey Monuments by Hydro.

Hydro will ensure that all legal or control survey monuments are protected and not disturbed, damaged or destroyed in the course of any of its activities pursuant to this Easement Agreement. Where any monuments have been or are disturbed, damaged or destroyed as a result of Hydro activities or works related to the Project, including Project operations, Hydro will at its expense have such monuments replaced by a qualified Land Surveyor to the satisfaction of the Surveyor General of Canada. Section 5.11

does not apply to legal or control survey monuments which have been lawfully inundated as of the date of this Agreement.

5.12 Restoration of Survey Monuments by Fox Lake or Canada.

Where survey monuments are disturbed as a result of deliberate or negligent actions of Fox Lake or Canada, it will be the responsibility of that party to restore or replace such monuments in a manner satisfactory to the Surveyor General of Canada.

5.13 Non-Interference by Hydro.

Hydro will, insofar as it is reasonably practical to do so, conduct all work so as not to interfere with the ordinary use or uses of the Easement Land, or Reserve lands adjacent to the Easement Land.

ARTICLE 6 - ACCESS TO EASEMENT LAND

6.1 Easement for Access.

Subject to the terms hereinafter set forth, Hydro will have the right, liberty and privilege, without charge, for access to and from the Easement Land, over and upon the Selected Land with or without vehicles, machinery and equipment, for such inspections, bank protection, maintenance and other purposes authorized by this Easement Agreement, as Hydro at any time deems necessary or expedient.

6.2 Notice for Access.

Notice requirements for access will be as follows:

(a) except in the case of an emergency, Hydro will give Fox Lake not less than thirty (30) days written notice of the nature of bank protection, maintenance or other work to be performed on the Easement Land, and not less than ten (10) days written notice of inspections on Easement Land, or such other periods of notice as may be agreed upon by Hydro and Fox Lake in writing; and

(b) in the event of an emergency, Hydro will, as soon as possible after the need is identified, give Fox Lake notice by telephone and facsimile of the nature of the work to be performed on the Easement Land.

6.3 Other Means of Access.

Where, in the opinion of Hydro, it is impossible or impractical to enter upon or exit from the Easement Land for purposes authorized under this Easement Agreement except across the Selected Land above the Easement Line, the notice under section 6.2 will include:

(a) the proposed route across the Selected Land which will be by road, except where demonstrably impractical;

(b) the nature, number, dimensions and gross weight of any vehicles, equipment or materials to be transported to or on the Easement Land;
(c) the reasons why other means of entry or exit are impossible or impractical in the circumstances;
(d) the approximate number of persons involved;
(e) the earliest contemplated entry date; and
(f) the estimated exit date.

6.4 Objection by Fox Lake to Proposed Means of Access.

Fox Lake may, within seven (7) days of receipt of a notice under section 6.3, object to the proposed access across the Selected Land by notifying Hydro in writing of its objections. Promptly after Hydro's receipt of such a notice by Fox Lake, Fox Lake and Hydro will use their best efforts to resolve their differences, in the interests of both Fox Lake and Hydro. In the event those differences cannot, in the opinion of either Fox Lake or Hydro, be resolved within a reasonable time, either party may refer the matter to arbitration in accordance with *The Arbitration Act* (Manitoba). Except in the event of an emergency, Hydro will refrain from use of the proposed access until the application or action is conclusively disposed of by arbitration.

6.5 Non-Interference by Fox Lake.

Fox Lake covenants that it will take all reasonable steps to ensure that Hydro is able to exercise its rights of entry and exit as provided for in this Easement Agreement, without hindrance or interference.

ARTICLE 7 - PERMANENT WORKS, BUILDINGS, STRUCTURES AND IMPROVEMENTS

7.1 Limitation on Construction by Hydro.

Hydro will not construct any permanent work, building, structure or improvement on the Easement Land, other than works in the nature of bank protection and shoreline maintenance or related work, without the prior written consent of Fox Lake and of Canada.

7.2 Construction by Fox Lake.

Subject to the provisions of this Article 7, Fox Lake may permit the construction of any permanent work, building, structure or improvement upon the Easement Land, which is or is not inundated.

7.3 Notice of Construction by Fox Lake.

Fox Lake will give Hydro not less than thirty (30) days written notice prior to considering any proposal related to the construction of any permanent work, building, structure or improvement on the Easement Land. Such notice will include:

(a) a description of the nature of the proposed permanent work, building, structure or improvement and its proposed location; and
(b) the date, time and place of any meeting of Chief and Council at which the proposal is to be considered;

and Hydro will have, and is hereby granted, the right to appear at that Council meeting and to make such representations to Fox Lake as it considers appropriate.

7.4 Limitation on Construction by Fox Lake.

Fox Lake will only approve a proposal for the construction of any permanent work, building, structure or improvement on the Easement Land where:

(a) the permanent work, building, structure or improvement is, in its judgment, necessary for the economic and social well-being of Fox Lake; and
(b) the permanent work, building, structure or improvement can reasonably be expected not to interfere materially with or adversely affect Hydro's rights under this Easement Agreement, including Hydro's right to:
    i. regulate the flow of, to inundate and store water on or over, and to affect from time to time, the Easement Land as provided for in this Easement Agreement,
    ii. access the Easement Land in accordance with the entry and exit provisions of this Easement Agreement, or
    iii. carry out bank protection, shoreline maintenance and related works on the Easement Land, necessary for Hydro operations in accordance with the provisions of this Easement Agreement.

7.5 Objection by Hydro.

Where it appears to Hydro that a permanent work, building, structure or improvement on the Easement Land, which was constructed or approved by Fox Lake for construction after the date of this Easement Agreement, is or is likely to interfere materially with or adversely affect Hydro's rights under this Easement Agreement as set out in section 7.4, Hydro will notify Fox Lake in writing that it:

(a) objects to such permanent work, building, structure or improvement being constructed; or
(b) proposes that such permanent work, building, structure or improvement be altered or removed, in which case Hydro will set forth details of such proposal, including details related to the cost of the removal or alteration.

7.6 Disputes.

Fox Lake may, within fourteen (14) days of receipt of a notice under section 7.5, provide written notice to Hydro that it objects to the course of action proposed by Hydro, including the reasons for its objection. Promptly after receipt of any such notice, Fox Lake and Hydro will use their best efforts to resolve their differences in the interests of both Fox Lake and Hydro. In the event those differences cannot, in the opinion of either Fox Lake or Hydro, be resolved within a reasonable time, either party may refer the matter to arbitration in accordance with *The Arbitration Act* (Manitoba). Any action taken by Hydro to remove or alter any permanent work, building, structure or improvement will be at Hydro's risk, and any action taken by Fox Lake to proceed with the construction of such structure will be at Fox Lake's risk, until the dispute has been conclusively disposed of by arbitration in accordance with *The Arbitration Act* (Manitoba).

ARTICLE 8 – ASSIGNMENT

8.1 Assignment or Encumbrance by Hydro.

Subject to Article 4, Hydro may assign or encumber its rights under this Easement. Promptly upon any such assignment, Hydro will give written notice to each of Canada and Fox Lake. Hydro will remain liable for the performance of all of Hydro's covenants in the event of such assignment or encumbrance.

8.2 Assignment or Encumbrance by Manitoba.

Manitoba may assign or encumber its rights or assign its obligations under this Easement Agreement. Promptly upon any such assignment or encumbrance, Manitoba will give written notice to each of Canada and Fox Lake. Manitoba will remain liable for the performance of all of Manitoba's covenants in the event of such assignment or encumbrance, including those obligations of Hydro it is required to assume pursuant hereto.

8.3 Assignment by Canada or Fox Lake.

Neither Canada nor Fox Lake will dispose of or alienate their respective interests in the Easement Land, except subject to this Easement Agreement. No alienation of the Easement Land will be permitted unless there are reservations in favour of Manitoba and Hydro of all of the rights and privileges to which Manitoba and Hydro are entitled under this Easement Agreement, including this provision in a form which binds assignees and successors in interest.

ARTICLE 9 - TAXES, LEVIES AND CHARGES

9.1 No Taxes, Levies or Charges.

The Easement hereby granted will be exercisable by Hydro without charge, rate, levy, assessment, licence, fee or tax exigible by or payable to Canada or Fox Lake in respect thereof, including taxes, levies or charges levied, or purported to be levied, by means of by-laws pursuant to the *Indian Act* (Canada), or any successor legislation; and section 9.1 will be a full and sufficient exemption from any such charges.

9.2 Excise Tax, Income Tax and Goods and Services Tax Excepted.

Section 9.1 is not intended to exempt Hydro from any applicable federal or provincial tax.

9.3 Indemnity of Hydro re: Levies, Taxes and Charges.

Hydro will be responsible for, and will indemnify Canada and Fox Lake with respect to, any levies, taxes or charges assessed against the interest of Hydro in the Easement Land, or related to the use of the Easement Land by Hydro, its agents, employees, contractors and sub-contractors, where any such levies, taxes or charges are assessed pursuant to the laws of the Province of Manitoba, or are not within the scope of the provisions of section 9.1.

ARTICLE 10 - WARRANTIES OF POWER AND AUTHORITY

10.1 Warranty of Hydro.

Hydro warrants that it has full power and authority to enter into and be bound by this Easement Agreement, and that it is in compliance with all statutory requirements and Hydro by-laws in connection with the execution of this Easement Agreement.

10.2 Warranty of Manitoba.

Manitoba warrants that it has full power and authority to enter into and be bound by this Easement Agreement.

10.3 Warranty of Fox Lake.

Fox Lake warrants that it has full power and authority to enter into and be bound by this Easement Agreement.

10.4 Warranty of Fox Lake re: Independent Legal Advice.

Fox Lake warrants that it has been independently advised by legal and technical counsel and advisors of its choice in entering into this Easement Agreement.

ARTICLE 11 - WAIVER AND CORRECTION OF BREACH

11.1 Waiver by Fox Lake.

No waiver of any breach, by or on behalf of Fox Lake, will take place or be binding unless the same be expressed in writing by the Chief as authorized in a Council Resolution, and any waiver so expressed will extend only to the particular breach to which such waiver specifically relates, and will not be deemed to be a general waiver, or to limit or affect the rights of Fox Lake with respect to any future or other breach.

11.2 Waiver by Hydro.

No waiver of any breach, by or on behalf of Hydro, will take place or be binding unless the same be expressed in writing over the signature of the Chairman, President or Vice President of Hydro, and any waiver so expressed will extend only to the particular breach to which such waiver specifically relates, and will not be deemed to be a general waiver, or to limit or affect the rights of Hydro with respect to any future or other breach.

11.3 Waiver by Manitoba.

No waiver of any breach, by or on behalf of Manitoba, will take place or be binding unless the same be expressed in writing over the signature of the relevant Minister of the Government of Manitoba, and any waiver so expressed will extend only to the particular breach to which such waiver specifically relates, and will not be deemed to be a general waiver, or to limit or affect the rights of Manitoba with respect to any future or other breach.

ARTICLE 12 - LIABILITIES AND INDEMNIFICATION

12.1 Indemnity by Hydro re: Third Party Claims.

Hydro will be responsible for and, at all times hereafter, will indemnify and save harmless Canada and Fox Lake from and against all and any losses, claims, actions, damages, liabilities and expenses in connection with:

(a) all actions, claims, and demands that may be made against Canada and Fox Lake by reason of any act or omission by Hydro, in the exercise or purported exercise of the rights granted by this Easement Agreement, or occasioned by or attributable to anything done or omitted to be done by Hydro, its agents, employees, contractors or sub-contractors in the exercise or purported exercise of the rights granted by this Easement Agreement;

(b) any claims of any kind for loss, injury or damage to persons or property as a result of the presence or operation of vehicles, equipment or chattels of Hydro, its agents, employees, contractors or sub-contractors, on the Easement Land or access routes thereto; and

(c) any actual or purported liens, encumbrances or charges which may attach to the Easement Land under the laws of Manitoba or of Canada, where such liens, encumbrances or charges arise from the acts or omissions of Hydro, its agents, employees, contractors or sub-contractors.

12.2 Compensation by Hydro re: Hydro Acts.

Except as provided in section 12.3, Hydro will be liable to compensate Canada and Fox Lake, and any persons claiming through or under Fox Lake or Canada, for any and all damage done on Reserve lands to any property, real or personal, of Fox Lake or Canada, or any person claiming through or under Fox Lake or Canada, caused by Hydro, its agents, employees, contractors or sub-contractors; provided that Fox Lake will not be entitled to compensation for such damages caused by Fox Lake while Fox Lake is acting in the capacity as agent or contractor of Hydro.

12.3 Limitation of Hydro's Liability under Section 12.2.

Hydro and Manitoba will not be liable to Fox Lake or Canada, or any person claiming through or under Fox Lake or Canada, with respect to any loss, damage, or injury to persons or property, arising out of their respective use of the Easement Land for regulating the flow of, inundating and storing water on or over, or affecting from time to time, the Easement Land, within the terms and conditions prescribed in this Easement Agreement; but nothing herein will exculpate Hydro for any loss, damage or injury to persons or property, arising from the breach of any provision of this Easement Agreement or arising from the negligence or wilful misconduct of Hydro, its agents, employees, contractors and sub-contractors.

ARTICLE 13 - GENERAL PROVISIONS

13.1 Interpretation.

The division of this Easement Agreement into articles and sections is for convenience of reference only and will not affect the construction or interpretation of this Easement Agreement. Headings used in this Easement Agreement are for general guidance only and do not have substantive meaning so as to modify the text or the provisions of this Easement Agreement.

13.2 Extended Meanings.

Words importing the singular number include the plural and vice versa as the context may require. Words importing persons will include firms, governments and corporations, and vice versa, as the context may require.

13.3 References to Agreement.

The terms "herein" and any similar expressions refers to this Easement Agreement and not to any particular article, section, paragraph or other portion of this Easement Agreement.

13.4 Metric Measure.

Except where the original document, data or measuring device was in Imperial, and subject to any legislative requirement, in the event of a conflict between metric and Imperial measure, metric measure will prevail.

13.5 Further Assurances.

Each of the parties to this Easement Agreement will, from time to time, at another party's request and expense, and without further consideration, execute and deliver such other instruments of transfer, conveyance and assignment, and take such further action as the other may require, to more effectively complete any matter provided for in this Easement Agreement.

13.6 Enurement.

This Easement Agreement will enure to the benefit of, and be binding upon, the parties to this Easement Agreement and their respective heirs, successors and assigns.

13.7 Prohibited Assignment.

No part of this Easement Agreement may be assigned or otherwise transferred except as expressly provided for in this Easement Agreement.

13.8 Notice.

Whenever in this Easement Agreement it is required or permitted that notice be given by any party to this Easement Agreement to or on any other party to this Easement Agreement, such notice will be given in writing and forwarded by registered mail or transmitted by facsimile and confirmed by telephone, addressed as follows:

(a) To Fox Lake:
Chief and Council of Fox Lake
Box 369
Gillam, MB
R0B 0L0

(b) To Hydro:
Manitoba Hydro
General Counsel
3rd Floor, 820 Taylor Ave.
Winnipeg MB R3C 2P4

(c) To Manitoba:
Deputy Minister of Conservation
Legislative Bldg.
Winnipeg MB R3C 0V8

A party whose address changes will promptly notify each other party of such change.

The parties have executed this Easement Agreement on the dates indicated below.

FOX LAKE FIRST NATION

Per:

____
CHIEF

____
COUNCILLOR

____
COUNCILLOR

THE MANITOBA HYDRO-ELECTRIC BOARD

Per:

____

____

HER MAJESTY THE QUEEN IN THE RIGHT OF THE PROVINCE OF MANITOBA

Per:

____
Minister of Conservation

SCHEDULE 5.3 – FORM OF LAND USE PERMIT

Permit No. ____________________

This Crown Land Use Permit issued pursuant to clause 7(1)(b) of *The Crown Lands Act*, C.C.S.M. c. C340 as of the *** day of ***, 200*.

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF MANITOBA
as represented by The Minister of Conservation,
(called "Manitoba"),

OF THE FIRST PART,

- and

FOX LAKE LAND CORPORATION (called the "Land Corporation"),

OF THE SECOND PART.

WHEREAS:

1. On the 6th day of December 2004, Fox Lake First Nation ("Fox Lake"), Manitoba and The Manitoba Hydro-Electric Board ("Hydro") entered into an agreement (the "Settlement Agreement"); and
2. Fox Lake incorporated the Land Corporation to hold interests in lands provided by Manitoba pursuant to the Settlement Agreement, for the benefit of Fox Lake.

NOW THEREFORE, Manitoba issues this Crown Land Use Permit ("Permit") to the Land Corporation in accordance with Article 5 of the Settlement Agreement, on the terms and conditions set out in this Permit:

SECTION 1.00 – DEFINITIONS AND STATUTORY REFERENCES

1.01 The following Acts are referred to in this Permit, and when described by the title set out in this subsection, they shall be interpreted to mean the Act including all regulations made in accordance with that Act and any amendment, re-enactment or replacement from time to time of that Act:

The Buildings and Mobile Homes Act, C.C.S.M. c. B93
The Crown Lands Act, C.C.S.M. c. C340
The Environment Act, C.C.S.M. c. E125
The Forest Act, C.C.S.M. c. F150
The Highways and Transportation Act, C.C.S.M. c. H40
The Highways Protection Act, C.C.S.M. c. H50
The Mines and Minerals Act, C.C.S.M. c. M162
Constitution Act, 1982, being Schedule B to the *Canada Act, 1982* (U.K.), 1982, c. 11.

SECTION 2.00 – PERMIT LAND

2.01 The Permit Land consists of the Manitoba Crown land identified on the Map attached as Schedule "A" located within Section ________, Township _______, Range _________, without reserving to the Crown a strip of land one and one-half chains (99 feet) in width from the ordinary high water mark as ordinarily reserved to the Crown under clause 4(1)(a) of *The Crown Lands Act*, but reserving to the Crown all other reservations contained in subsection 4(1) of *The Crown Lands Act*.

SECTION 3.00 – RIGHT OF EXCLUSIVE USE

3.01 Manitoba hereby provides to the Land Corporation the exclusive right to use and occupy the Permit Land free and clear of all encumbrances, reservations, caveats, estates, rights and interests, in favour of any person, subject to:

a. the other interests set out in section 4.00; and

b. the conditions set out in section 5.00.

3.02 No person, other than a member of Fox Lake may use, occupy or otherwise enter onto the Permit Land except as provided in this Permit.

SECTION 4.00 – OTHER INTERESTS

4.01 The exclusive right to use and occupy the Permit Land set out in section 3.00 is provided by Manitoba to the Land Corporation subject to the following existing third party interests:

> *Include a description of all third party interests, including any mining interests. Insert "NIL" if no third party interests are identified in the Settlement Agreement.*

[Include this subsection 4.02 for Kettle River Site and Sundance Site]

4.02 The exclusive right to use and occupy the Permit Land set out in section 3.00 is provided by Manitoba to the Land Corporation, subject to the requirement of *The Water Power Act* and the right and privilege of Manitoba and Hydro in perpetuity, without charge or cost of any kind whatsoever, to Manitoba or Hydro, to regulate the flow of, and to inundate and store water on or over, and to affect from time to time, the Permit Land in a manner consistent with any water power license in effect from time to time, without obstruction, hindrance, molestation or interruption on the part of the Land Corporation or any person claiming by, through or under the Land Corporation.

[Include this subsection 4.02 for Angling Lake Site]

4.02 Manitoba will not in any way be liable for future damage to the Permit Land or any improvements thereon resulting from:

- a. the raising or lowering by the Crown, of the level of any body of water adjacent to the land; or
- b. the flooding of the Permit Land or a portion thereof, from any cause whatsoever; or
- c. the flow of any water, not amounting to flooding, upon or adjacent to the Permit Land.

4.03 The Land Corporation may provide notice in writing to Manitoba requesting that Manitoba identify elevation and setback requirements for development or construction on the Permit Land.

4.04 Manitoba will, as soon as practicable after receiving notice under subsection 4.03, and after consultation with Hydro, advise the Land Corporation in writing of the elevation and setback requirements for development and construction, with those requirements designed to take into account the effects of flooding, wind setup, wave uprush, erosion and ice conditions.

SECTION 5.00 – CONDITIONS

5.01 The exclusive right to use and occupy the Permit Land set out in section 3.00 is provided by Manitoba to the Land Corporation, subject to the following conditions:

- a. **Compliance with Laws** – The Land Corporation shall, at its own expense, promptly observe, perform, execute and comply with all municipal, provincial or federal laws, orders and regulations that have application to the Land Corporation and the Permit Land, and without limiting the generality of the foregoing:

i. **Taxes and Duties** - The Land Corporation shall pay or discharge all lawfully applicable taxes, duties, tolls, imposts and levies charged, imposed or assessed by any lawful authority as it may be determined that the Land Corporation is legally obligated to pay or discharge,

ii. **Construction** – Any structure constructed on the Permit Land by the Land Corporation shall be constructed in accordance with The Manitoba Building Code established pursuant to *The Buildings and Mobile Homes Act*, applicable municipal by-laws and regulations,

iii. **Highway Protection** – The Land Corporation shall not erect, build, or place or cause to be erected, built or placed, a structure or fixture on, under, or above the surface of the ground, within 125 feet of a department road outside a city, town or village or such further distance as determined by The Highway Traffic Board in accordance with *The Highways Protection Act*, or plant or place or cause to be planted or placed, any tree, shrub or hedge upon or within50 feet of a departmental road outside a city, town, village or unincorporated village district, in accordance with *The Highways and Transportation Act*,

iv. **Environmental Laws** – The Land Corporation shall comply with all laws and guidelines respecting environmental matters, including, but not limited to, *The Environment Act*, and in the event that the Land Corporation contributes to any detrimental biophysical environmental change to the Permit Land, contrary to such laws or guidelines, the Land Corporation will remedy such damage, at its own expense,

v. **Timber** – The Land Corporation shall not cut or remove timber from the Permit Land without a licence or permit from the Forestry Branch of Manitoba pursuant to *The Forest Act*, and

vi. **Sand and Gravel** – The Land Corporation shall not remove, explore for, mine or produce quarry minerals, including sand, gravel and clay from the Permit Land without obtaining a quarry permit or quarry lease from the Director of Mines for Manitoba pursuant to *The Mines and Minerals Act*;

b. **Other Natural Resources** -The Land Corporation shall not remove soil or any other natural resources from the Permit Land without the prior written permission of Manitoba;

c. **Waste** – The Land Corporation shall not commit or permit the commission of any voluntary waste, spoilage or destruction, nor dump any rubbish or any other matter of an offensive nature anywhere on the Permit Land, except in a designated dump area or as directed by Manitoba;

d. **Access to Permit Land** – Manitoba and any employee, officer or agent of Manitoba, including the Royal Canadian Mounted Police, shall be entitled to enter onto the Permit Land as required to enforce the conditions of this Permit and municipal, provincial or federal laws, orders and regulations;

e. **Access to Permit Land for Forestry Renewal** – If applicable, Manitoba and any employee, officer or agent of Manitoba shall be entitled to enter onto the Permit Land as required for the purpose of complying with Manitoba's obligation for forest renewal and stand management under a forest management license granted by Manitoba to a forest operator;

f. **Control Survey Monuments** – The Land Corporation will ensure that all legal or control survey monuments are protected and not disturbed, damaged or destroyed, and will replace, at its expense, any monuments that are disturbed, damaged or destroyed, by a duly qualified Land Surveyor, to the satisfaction of Canada, and shall not interfere with the survey work conducted by Canada;

g. **Indemnification** – The Land Corporation shall at all times save harmless and indemnify and keep Manitoba indemnified against and be responsible for all claims, demands, actions, suits and other legal proceedings brought against Manitoba by reason or arising out of:

   i. any exercise by the Land Corporation of its rights pursuant to this Permit, including any use of and development on the Permit Land, or

   ii. any act or omission on the part of the Land Corporation in respect of or in relation to the carrying on of any activities permitted by this Permit;

h. **Liability in Respect of Mining Operations** – Manitoba shall not be liable in any way for injury or damage that is caused to the surface of the Permit Land as a result of mining operations on the Permit Land or adjacent land;

i. **Conduct of Mining Operations** – Any third party with an interest in mines and minerals may exercise its rights in mines and minerals in accordance with *The Mines and Minerals Act*;

j. **Services** – The issuing of this Permit does not imply that Manitoba will provide any services;

k. **Assignment** – The Land Corporation may, with the written Permission of Manitoba, assign this Permit to a successor Corporation; and

l. **Notice** - Notice affecting the Land Corporation or Manitoba will be sufficiently served, if mailed by regular mail to the applicable address for that party, as follows:

To: Land Corporation
____
_____________, Manitoba
____

To: Manitoba
Manitoba Conservation Lands Branch
Box 20 000
123 Main Street
Neepawa, Manitoba R0J 1H0
Attn: Director of Lands

SECTION 6.00 – TERM OF PERMIT

[Include this subsection 6.01 for Angling Lake Site and Sundance Site.]

6.01 This Permit comes into effect on its execution and will remain in effect for one year or until transfer of the Permit Land in fee simple to the Land Corporation whichever shall first occur.

[Include this subsection 6.01 for Kettle River Site.]

6.01 This Permit comes into effect on its execution and will remain in effect for one year or until:

a. the acceptance of administration and control of the Permit land by Canada; or

b. transfer of the Permit Land in fee simple to the Land Corporation;

whichever shall first occur.

6.02 Subject to subsection 6.01, this Permit will be automatically renewed by Manitoba at the expiry of the one year term on the same terms and conditions.

SECTION 7.00 – AMENDMENT

7.01 This Permit may be varied only by written agreement of both parties.

7.02 Where any new legislation or legislative amendment not contemplated by this Permit is enacted, the result of which is inconsistent with the legal rights or obligations of the parties under this Permit, and which, in turn, materially affects the operation or effect of this Permit, the parties agree to enter into good faith negotiations designed to determine and implement any necessary amendments to this Permit required to remedy or alleviate the effect of such legislative changes.

SECTION 8. 00 – NOT RESERVE

8.01 Notwithstanding the issuance of this Permit to the Land Corporation, the Permit Land shall not be deemed to be Reserve.

IN WITNESS WHEREOF Manitoba has executed this Permit this ______ day of ____________, 200__ and the Land Corporation has executed this Permit this _______ day of ____________, 200__, by their respective officers.

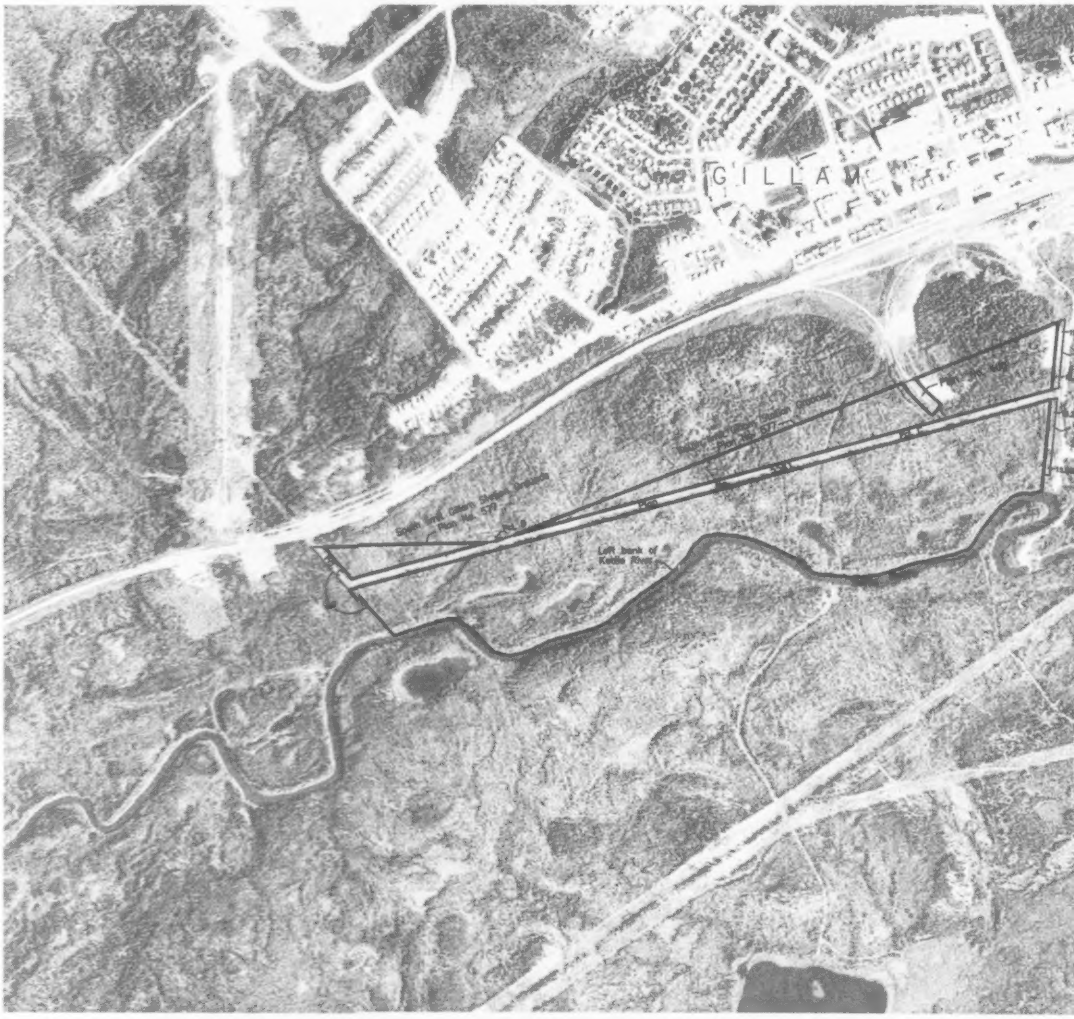
HER MAJESTY THE QUEEN IN RIGHT OF MANITOBA

Per: ____________________________
Minister of Conservation

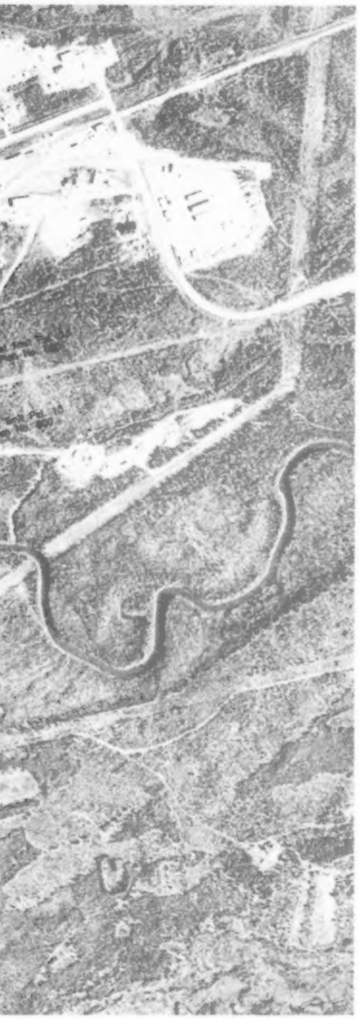
FOX LAKE LAND CORPORATION

Per: ____________________________

Per: ____________________________



GILLAM
South limit Gillam Station Grounds
Plan No. 577
Left bank of Kettle River



METRIC

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PHOTOBASE

FOX LAKE FIRST NATION SETTLEMENT AGREEMENT (SCHEDULE 5.4)
KETTLE RIVER SITE
UNSURVEYED TP. 85 RGE. 18 E.P.M.
LGD OF GILLAM
MANITOBA

N.T.S. MAP SHEET REFERENCE 54D 7

SCALE: 1:5000

BOUNDARIES SHOWN HEREON ARE APPROXIMATE ONLY
FOR REFERENCE PURPOSE ONLY

LEGEND

Boundary of Kettle River Site parcel is shown bordered thus _ _ ▬▬▬▬
Plans shown are on record in the Portage la Prairie Land Titles Office (N. Div.)
The photobase for this map is an orthophoto based on Air Photos from flightline No. MH99986404 available from the Province of Manitoba Land Information Centre.
The Air Photos were flown in August of 1999.
O.H.W.M. to be determined by Plan of Survey.
Manitoba Hydro is entitled to receive an easement in respect of part of the lands shown bordered hereon.

THE UNDERSIGNED AGREE THAT THE PROPOSED BOUNDARIES
SHOWN HEREON ARE CORRECT

_ _ _ _ _ _ _ _ _ _ _ _
FOR FOX LAKE FIRST NATION (DATE)

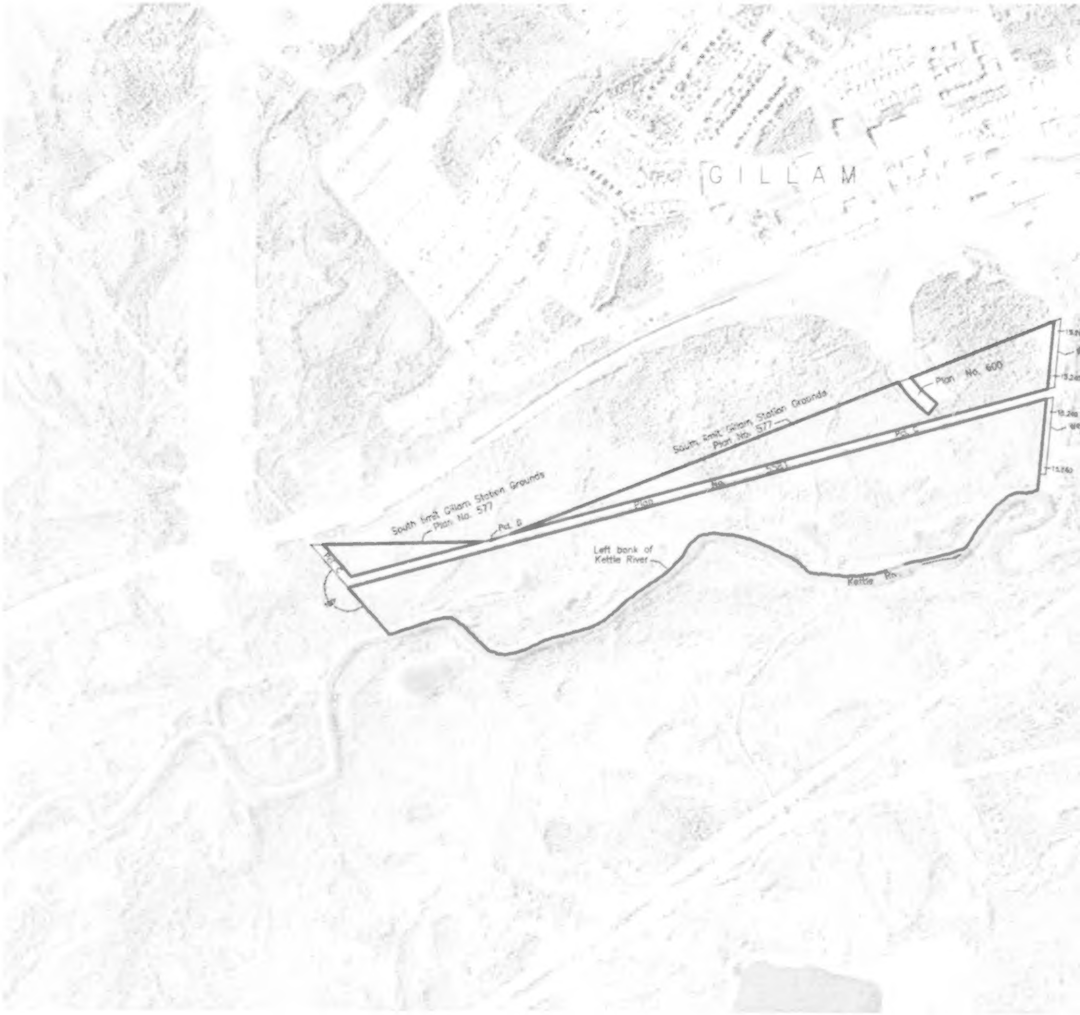
_ _ _ _ _ _ _ _ _ _ _ _
FOR THE PROVINCE OF MANITOBA (DATE)

_ _ _ _ _ _ _ _ _ _ _ _
FOR INDIAN AND NORTHERN AFFAIRS CANADA (DATE)

October 18, 2002

PROVINCE OF MANITOBA
CONSERVATION
SURVEY SERVICES
1007 CENTURY STREET
WINNIPEG MB

File 2001863_1
& 2001825_1


GILLAM
South limit Gillam Station Grounds
Plan No. 577
Pcl. B
South limit Gillam Station Grounds
Plan No. 577
Plan No. 600
Plan
No.
5561
Pcl. A
Left bank of
Kettle River
Kettle

METRIC
N
limit Pcl. 13
n No. 600
mit Pcl. 13
No. 600

PHOTOBASE

FOX LAKE FIRST NATION SETTLEMENT AGREEMENT (SCHEDULE 5.4)
KETTLE RIVER SITE
UNSURVEYED TP. 85 RGE. 18 E.P.M.
LGD OF GILLAM
MANITOBA

N.T.S. MAP SHEET REFERENCE 54D 7

SCALE 1:5000
0 50 100 200 300 400

BOUNDARIES SHOWN HEREON ARE APPROXIMATE ONLY
FOR REFERENCE PURPOSE ONLY

LEGEND

Boundary of Kettle River Site parcel is shown bordered thus _ _ ▬▬▬▬

Plans shown are on record in the Portage la Prairie Land Titles Office (N. Div.)

The photobase for this map is an orthophoto based on Air Photos from flightline No. MH99986404 available from the Province of Manitoba Land Information Centre

The Air Photos were flown in August of 1999.

O.H.W.M. to be determined by Plan of Survey.

Manitoba Hydro is entitled to receive an easement in respect of part of the lands shown bordered hereon

THE UNDERSIGNED AGREE THAT THE PROPOSED BOUNDARIES
SHOWN HEREON ARE CORRECT

_ _ _ _ _ _ _ _ _ _ _
FOR FOX LAKE (DATE)
FIRST NATION

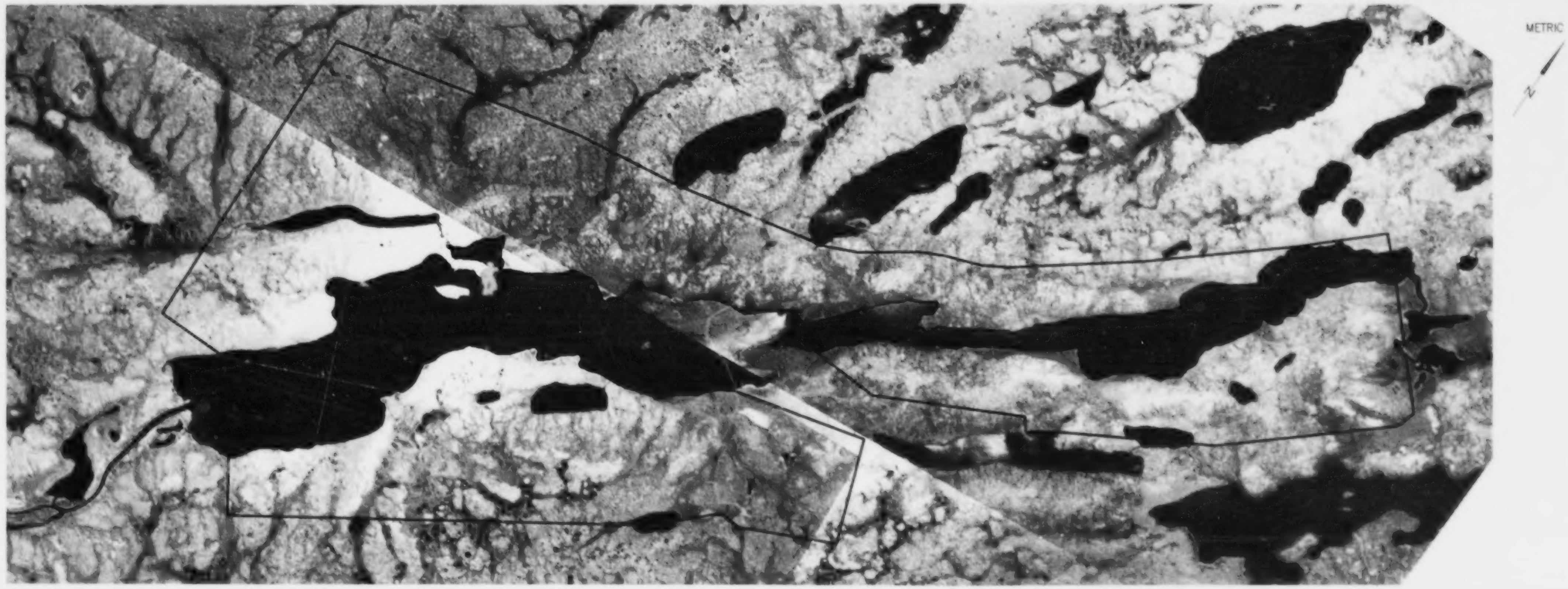
_ _ _ _ _ _ _ _ _ _ _
FOR THE PROVINCE (DATE)
OF MANITOBA

_ _ _ _ _ _ _ _ _ _ _
FOR INDIAN AND NORTHERN (DATE)
AFFAIRS CANADA

October 18, 2002

PROVINCE OF MANITOBA
CONSERVATION
SURVEY SERVICES
1007 CENTURY STREET
WINNIPEG MB

File 2001863_1
& 2001825_1



PHOTOBASE

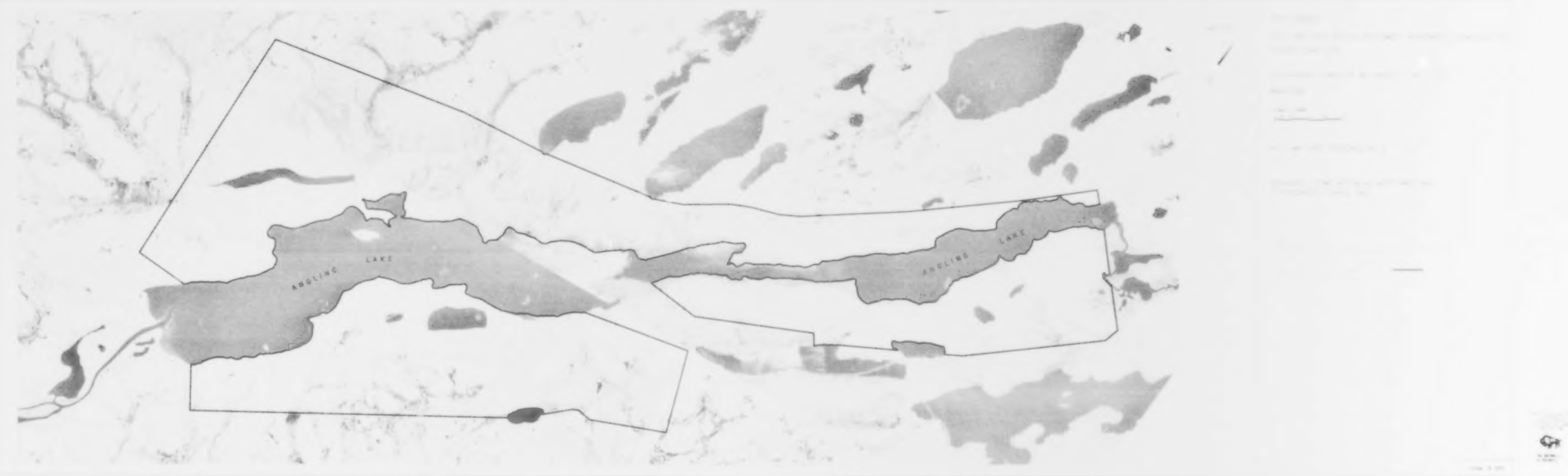
FOX LAKE FIRST NATION SETTLEMENT AGREEMENT (SCHEDULE 5.5)
ANGLING LAKE SITE

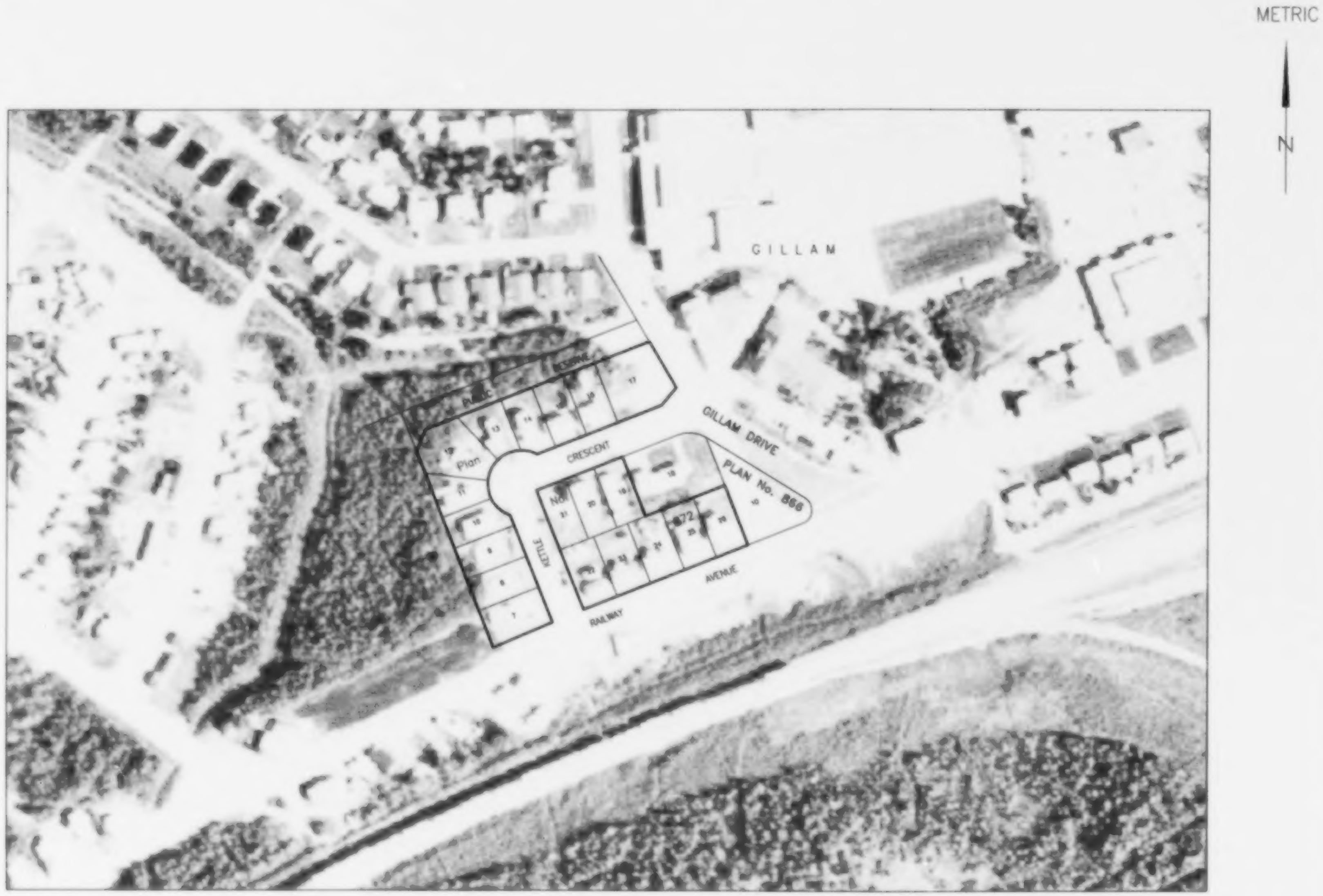
UNSURVEYED TOWNSHIP 86 RANGES 1 & 2 E.2.E.

MANITOBA

N.T.S. MAP SHEET REFERENCE 54C 5

BOUNDARIES SHOWN HEREON ARE APPROXIMATE ONLY
FOR REFERENCE PURPOSE ONLY


ANGLING LAKE
ANGLING LAKE


METRIC
N
GILLAM
GILLAM DRIVE
PLAN No. 866
Plan
No.
872
CRESCENT
KETTLE
RAILWAY
AVENUE

PHOTOBASE

FOX LAKE FIRST NATION SETTLEMENT AGREEMENT (SCHEDULE 5.6)

KETTLE CRESCENT SITE

UNSURVEYED TP. 85 RGE. 18 E.P.M.
LGD GILLAM

MANITOBA

N.T.S. MAP SHEET REFERENCE 54D 7

SCALE: 1:1000

BOUNDARIES SHOWN HEREON ARE APPROXIMATE ONLY

FOR REFERENCE PURPOSE ONLY

LEGEND

Boundary of Kettle Crescent site is shown bordered thus

Plans shown are on record in the Portage la Prairie Land Titles Office (N. Div.)

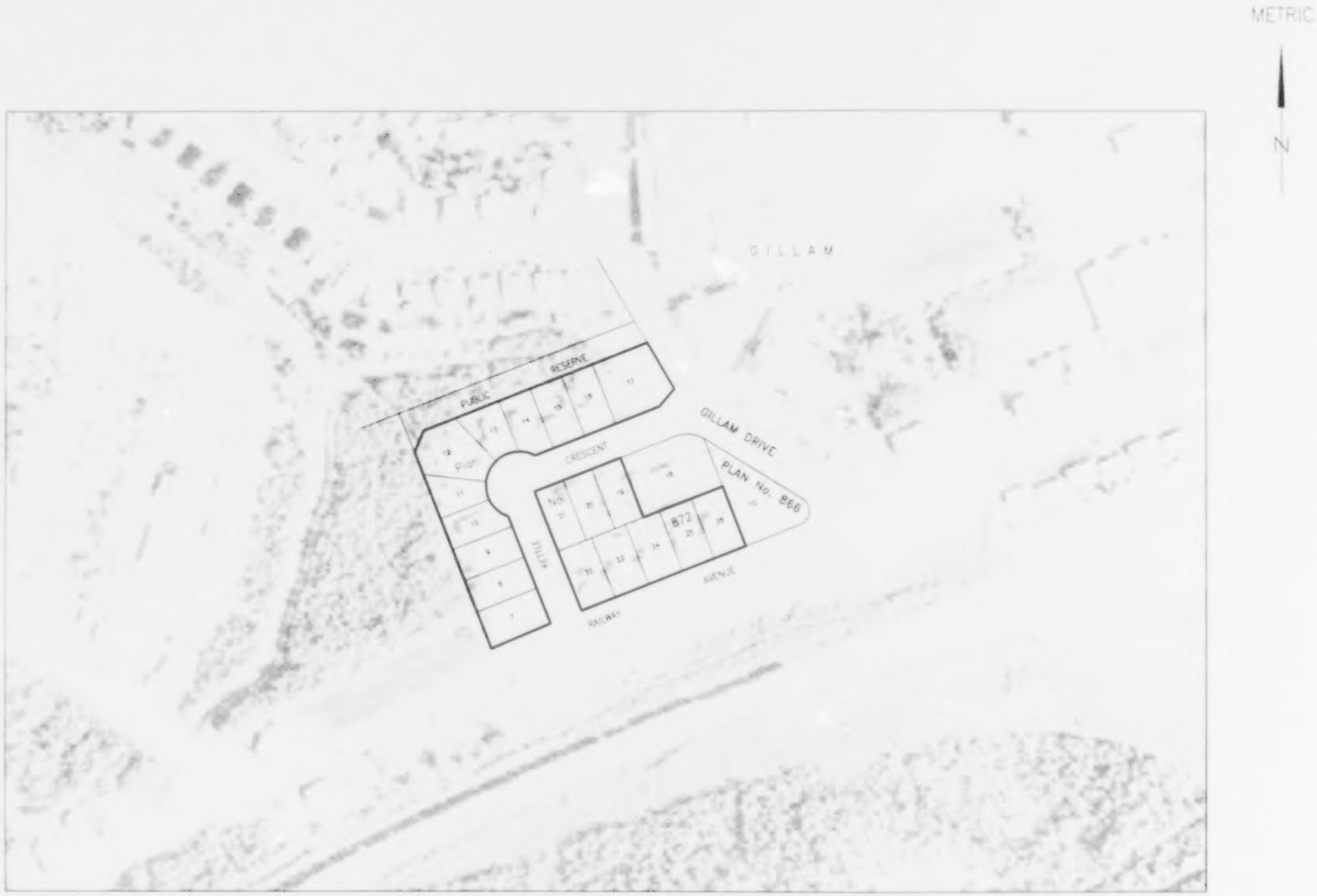
The photobase for this map is an orthophoto based on Air Photos from flightline No. [illegible] available from the Province of Manitoba Land Information Centre.

The Air Photos were flown in August of 1999.

October 18, 2002

PROVINCE OF MANITOBA
CONSERVATION
SURVEY SERVICES
1007 CENTURY STREET
WINNIPEG MB

File [illegible]
& [illegible]


METRIC
N
GILLAM
PUBLIC
RESERVE
GILLAM DRIVE
PLAN No. 866
CRESCENT
KETTLE
Plan
No.
872
RAILWAY
AVENUE
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8
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10
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26

PHOTOBASE

FOX LAKE FIRST NATION SETTLEMENT AGREEMENT (SCHEDULE 5.6)

KETTLE CRESCENT SITE

UNSURVEYED TP. 85 RGE. 18 E.P.M.
LGD GILLAM

MANITOBA

N.T.S. MAP SHEET REFERENCE 54D 7

SCALE 1:1000

BOUNDARIES SHOWN HEREON ARE APPROXIMATE ONLY

FOR REFERENCE PURPOSE ONLY

LEGEND

Boundary of Kettle Crescent site is shown bordered thus

Plans shown are on record in the Portage la Prairie Land Titles Office (N. Div.)

The photobase for this map is an orthophoto based on Air Photos from Flightline No. [illegible] available from the Province of Manitoba Land Information Centre

The Air Photos were flown in August of [illegible]

October 18, 2002

PROVINCE OF MANITOBA
CONSERVATION
SURVEY SERVICES
1007 CENTURY STREET
WINNIPEG MB

File 2001902_1
& 2001925_3

SCHEDULE 5.7- (form of) ORDER IN COUNCIL

ORDER

1. The administration and control of the mines and minerals (precious and base) and the royalties derived therefrom, and the residual Crown (Manitoba) interests within the parcels of federal Crown land described in Schedule "A" are transferred to Her Majesty the Queen in right of Canada ("Canada"); and

2. The Minister is authorized to execute all documents and do all things necessary to give effect to this Order.

BACKGROUND

A. On December 6, 2004, Fox Lake First Nation, Her Majesty the Queen in Right of Manitoba ("Manitoba") and The Manitoba Hydro-Electric Board entered into an agreement (the "Settlement Agreement") to fully and finally resolve and conclude all issues between and among the parties in relation to and arising out of the existing hydro-electric development on the Churchill, Nelson, Rat and Burntwood River Systems and the development of the Lake Winnipeg Regulation System north of the 53rd parallel; and

B. The Settlement Agreement provides, among other things, that Manitoba is to transfer to Canada administration and control of the mines and minerals (precious and base) and the royalties derived therefrom, and the residual Crown (Manitoba) interests within the parcels of federal Crown land described in Schedule "A", to be set apart as reserve for the use and benefit of Fox Lake.

Schedule A

1. Certificate of Title No. 145448:
   Lots 7, 8, 9, 19, and 20, Plan No. 872, NLTO.

2. Certificate of Title No. 145449:
   Lots 21, 22, 23, 24, Plan No. 872, NLTO.

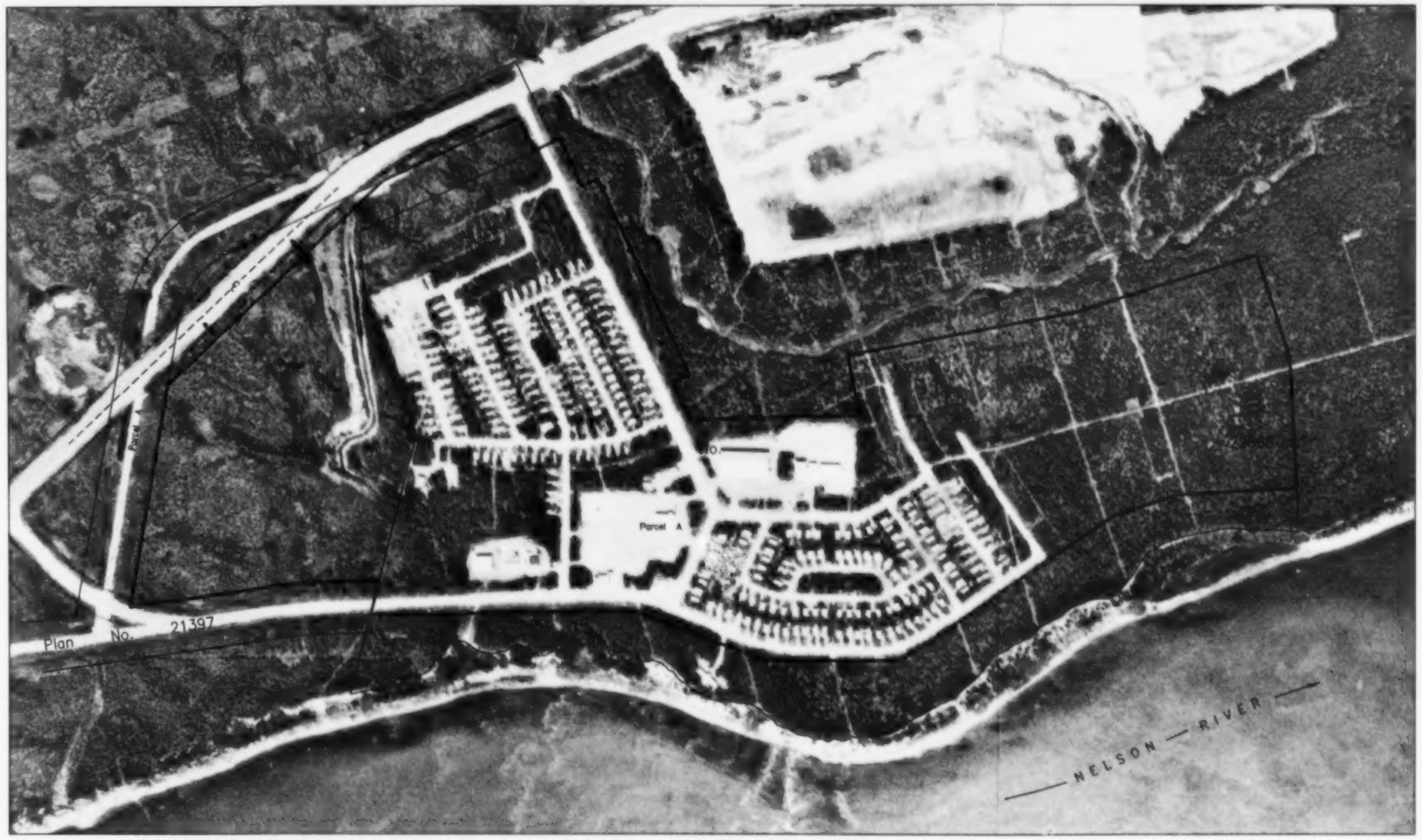
3. Certificate of Title No. 145450:
   Lots 25 and 26, Plan No. 872, NLTO.

4. Certificate of Title No. 145451:
   Lots 11, 12, 13, and 14, Plan No. 872, NLTO.

5. Certificate of Title No. 145452:
   Lot 10, Plan No. 872, NLTO

6. Certificate of Title No. 148635:
   Lots 15 and 16, Plan No. 872, NLTO

7. Certificates of Title No. 154961 and No. 154960:
   Lot 17, Plan No. 872 NLTO.



METRIC

N

PHOTOBASE

FOX LAKE FIRST NATION SETTLEMENT AGREEMENT (SCHEDULE 5.8)

SUNDANCE TOWNSITE

Being Part of Parcels A & C Plan No. 22068.

UNSURVEYED TP. 87 RGE. 22 E.P.M.

LGD OF GILLAM

MANITOBA

N.T.S. MAP SHEET REFERENCE 54D 9

SCALE 1:5000

BOUNDARIES SHOWN HEREON ARE APPROXIMATE ONLY
FOR REFERENCE PURPOSE ONLY

LEGEND

The photobase for this map is an enlargement of Air Photo No. [illegible]401-110, available from the Province of Manitoba Land Information Centre

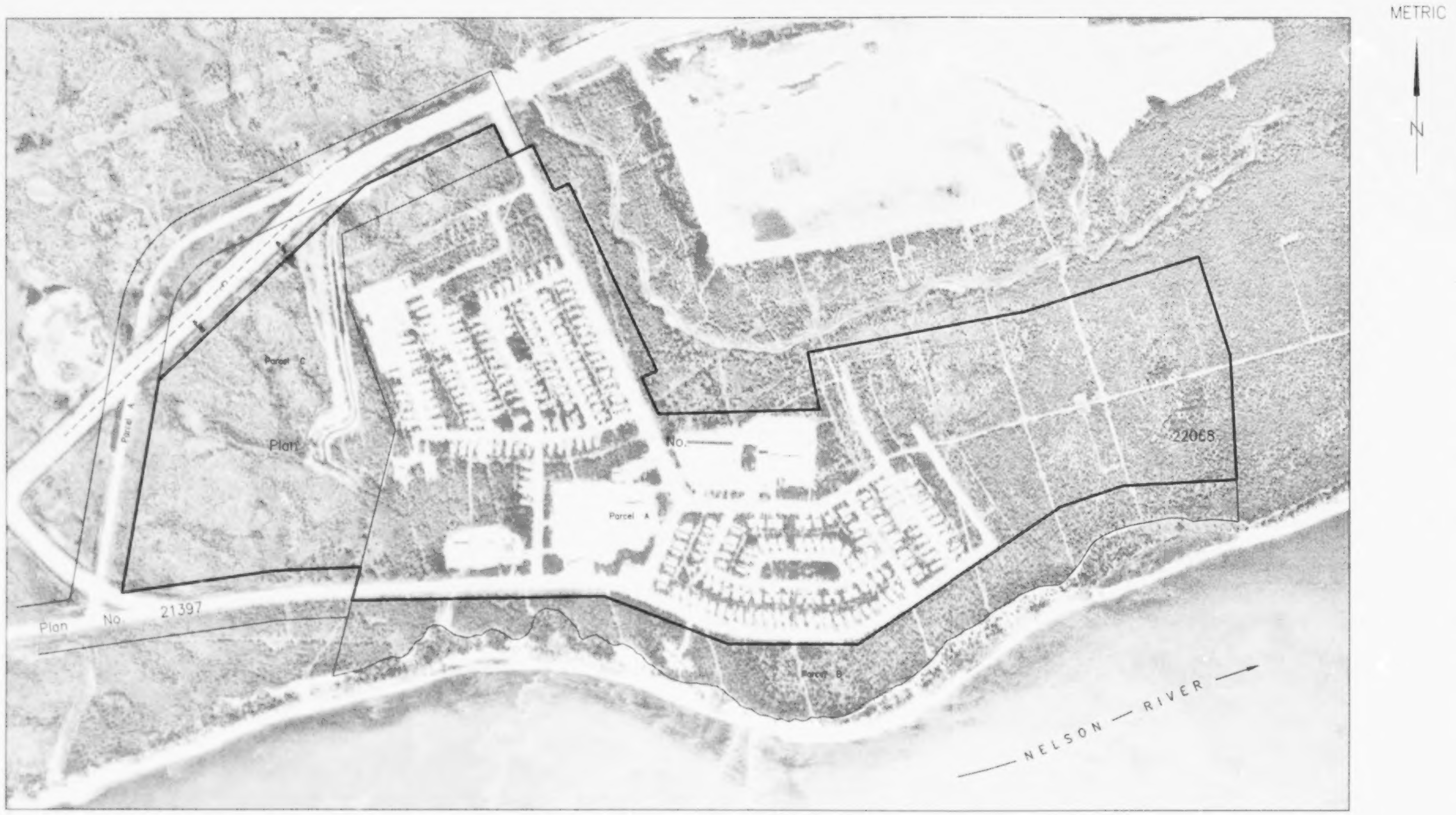
The Air Photo was flown June 29th, 1983 at a scale of 1:20000

Plans shown are on record in the Portage la Prairie Land Titles Office.

Manitoba is entitled to receive an exclusion in respect of part of the lands shown bordered hereon.

Boundary of Sundance Townsite parcel shown bordered thus _ _ ———

October 18, 2002



PHOTOBASE

FOX LAKE FIRST NATION SETTLEMENT AGREEMENT (SCHEDULE 5.8)
SUNDANCE TOWNSITE
Being Part of Parcels A & C Plan No. 22068.
UNSURVEYED TP. 87 RGE. 22 E.P.M
LGD OF GILLAM
MANITOBA

N.T.S. MAP SHEET REFERENCE 54D 9

SCALE 1:3000

BOUNDARIES SHOWN HEREON ARE APPROXIMATE ONLY
FOR REFERENCE PURPOSE ONLY

LEGEND

The photobase for this map is an enlargement of Air Photo No. MH93559401-119, available from the Province of Manitoba Land Information Centre

The Air Photo was flown June 29th, 1993 at a scale of 1:20000

Plans shown are on record in the Portage la Prairie Land Titles Office

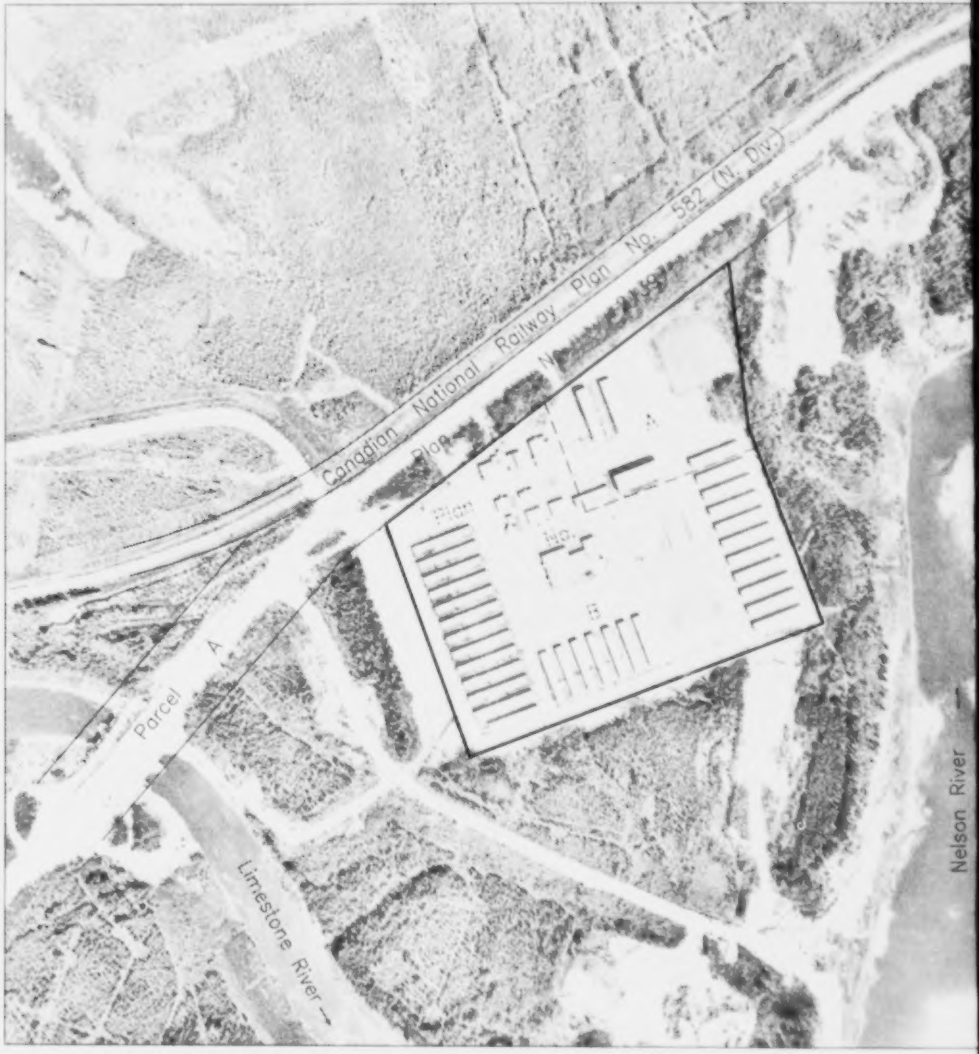
Manitoba is entitled to receive an exclusion in respect of part of the lands shown bordered hereon.

Boundary of Sundance Townsite parcel shown bordered thus _ _ ▬▬▬▬

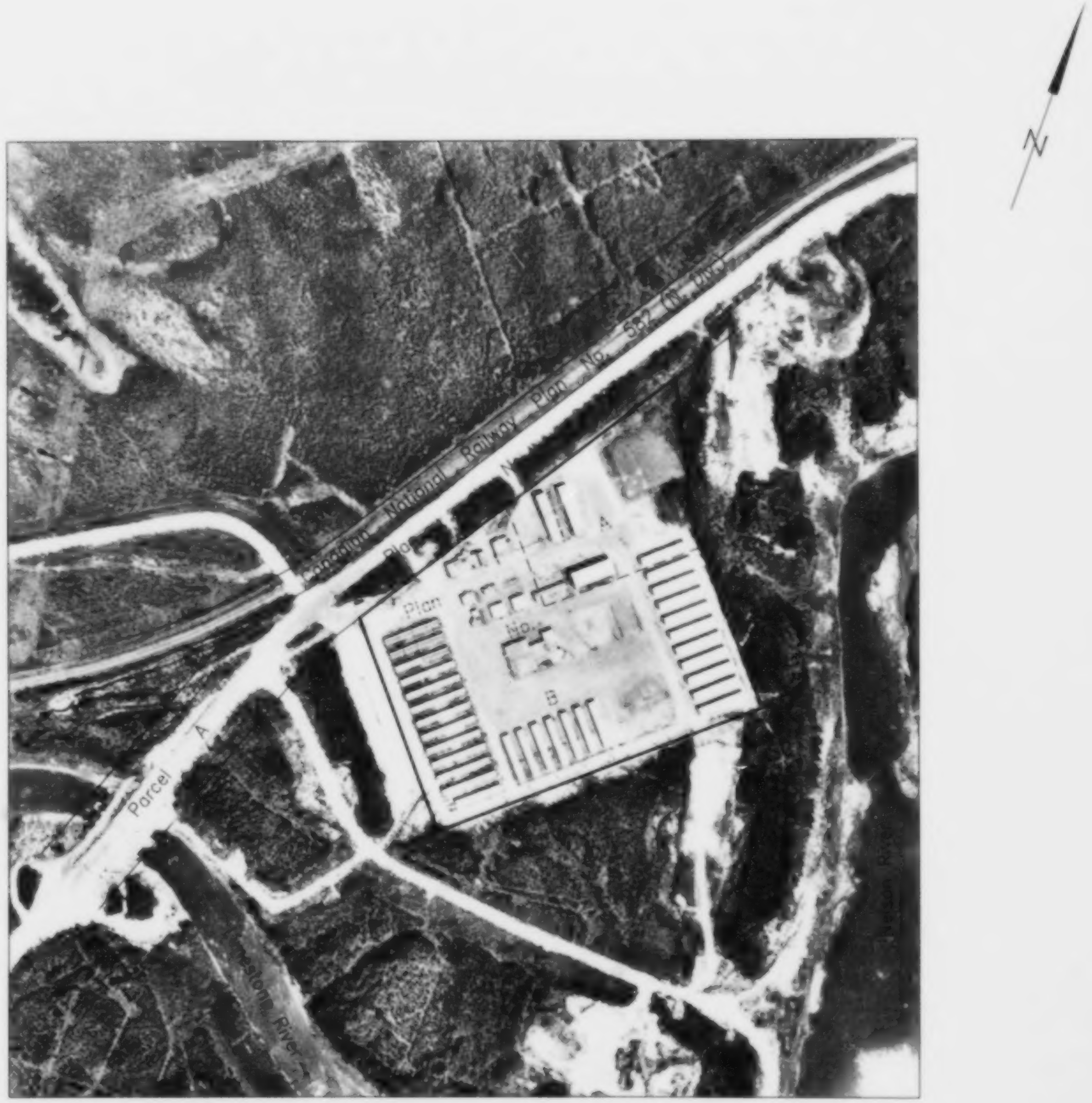
October 18, 2002

PROVINCE OF MANITOBA
CONSERVATION
SURVEY SERVICES
1007 CENTURY STREET
WINNIPEG MB

File [illegible]
& [illegible]


Canadian National Railway Plan No. 582 (N. Div.)
Plan No.
Plan No.
A
B
Parcel A
Limestone River →
Nelson River

METRIC



N
Canadian National Railway Plan No. 582 (N. Div.)
Plan
Plan No.
A
B
Parcel A
Limestone River
Nelson River

PHOTOBASE

FOX LAKE FIRST NATION SETTLEMENT AGREEMENT (SCHEDULE 5.9)
LIMESTONE CONSTRUCTION CAMP SITE

UNSURVEYED TP. 87 RGE. 21 E.P.M.
LGD OF GILLAM
MANITOBA

N.T.S. MAP SHEET REFERENCE 54D 9

SCALE 1:3000

0 10 20 30 100 200 300

BOUNDARIES SHOWN HEREON ARE APPROXIMATE ONLY
FOR REFERENCE PURPOSE ONLY

LEGEND

The photobase for this map is an enlargement of Air Photo No. MH93564418-76 available from the Province of Manitoba Land Information Centre

The Air Photo was flown on June 29th, 1993

Boundary of Limestone Construction Camp site is shown bordered thus _ _ _ ———

PROVINCE OF MANITOBA
CONSERVATION
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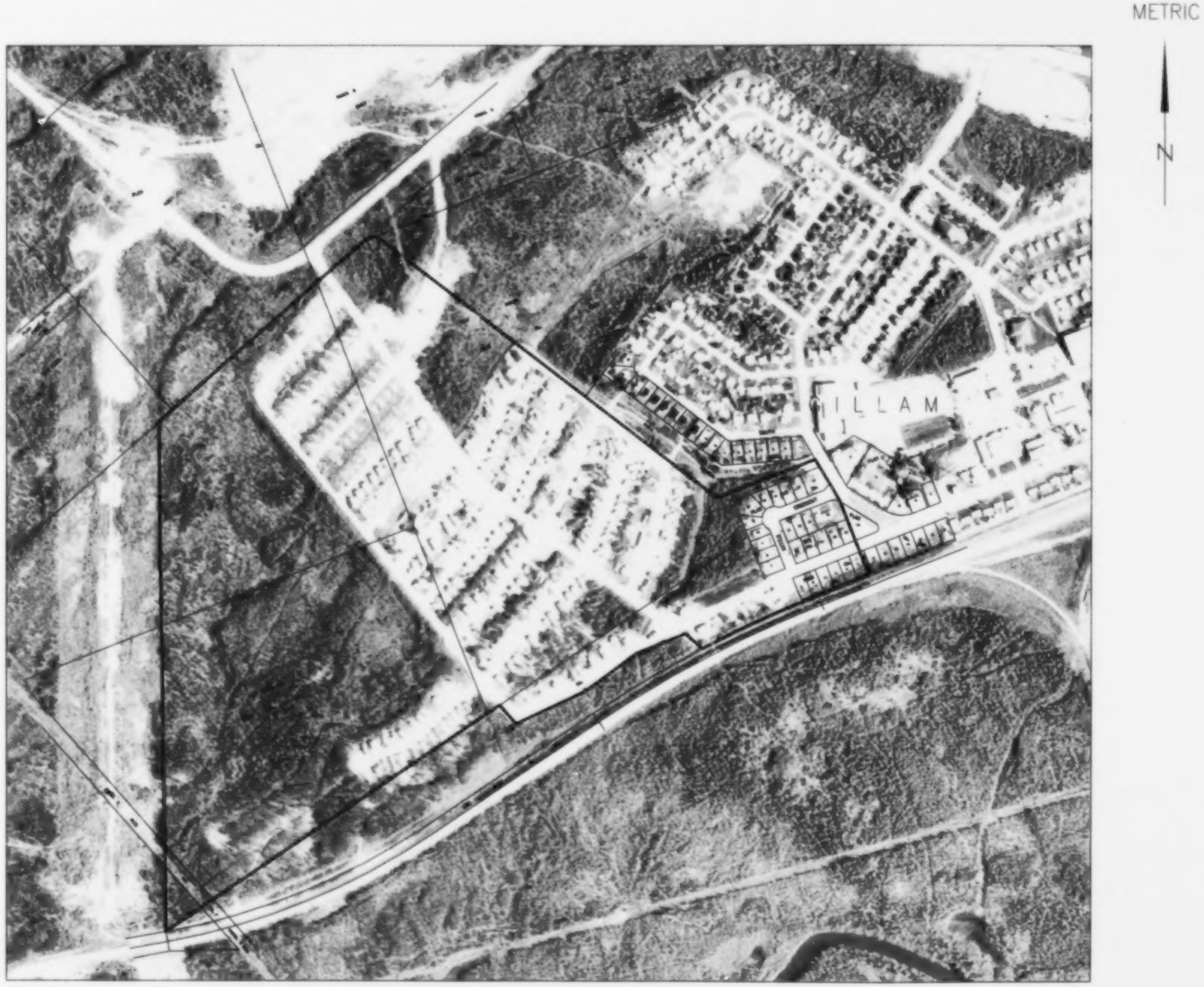
1007 CENTURY STREET
WINNIPEG MB

File 2001863_4
& 2001825_4

October 18, 2002



PHOTOBASE

FOX LAKE FIRST NATION SETTLEMENT AGREEMENT (SCHEDULE 5.10)

GILLAM TRAILER COURT STUDY AREA

UNSURVEYED TP. 85 RGE. 18 E.P.M.

LGD OF GILLAM

MANITOBA

N.T.S. MAP SHEET REFERENCE 54D 7

SCALE 1:3000

BOUNDARIES SHOWN HEREON ARE APPROXIMATE ONLY
FOR REFERENCE PURPOSE ONLY

LEGEND

Boundary of Gillam Trailer Court study area is shown bordered thus _ _ _ _ ———

Plans shown are on record in the Portage la Prairie Land Titles Office (N. Div.)

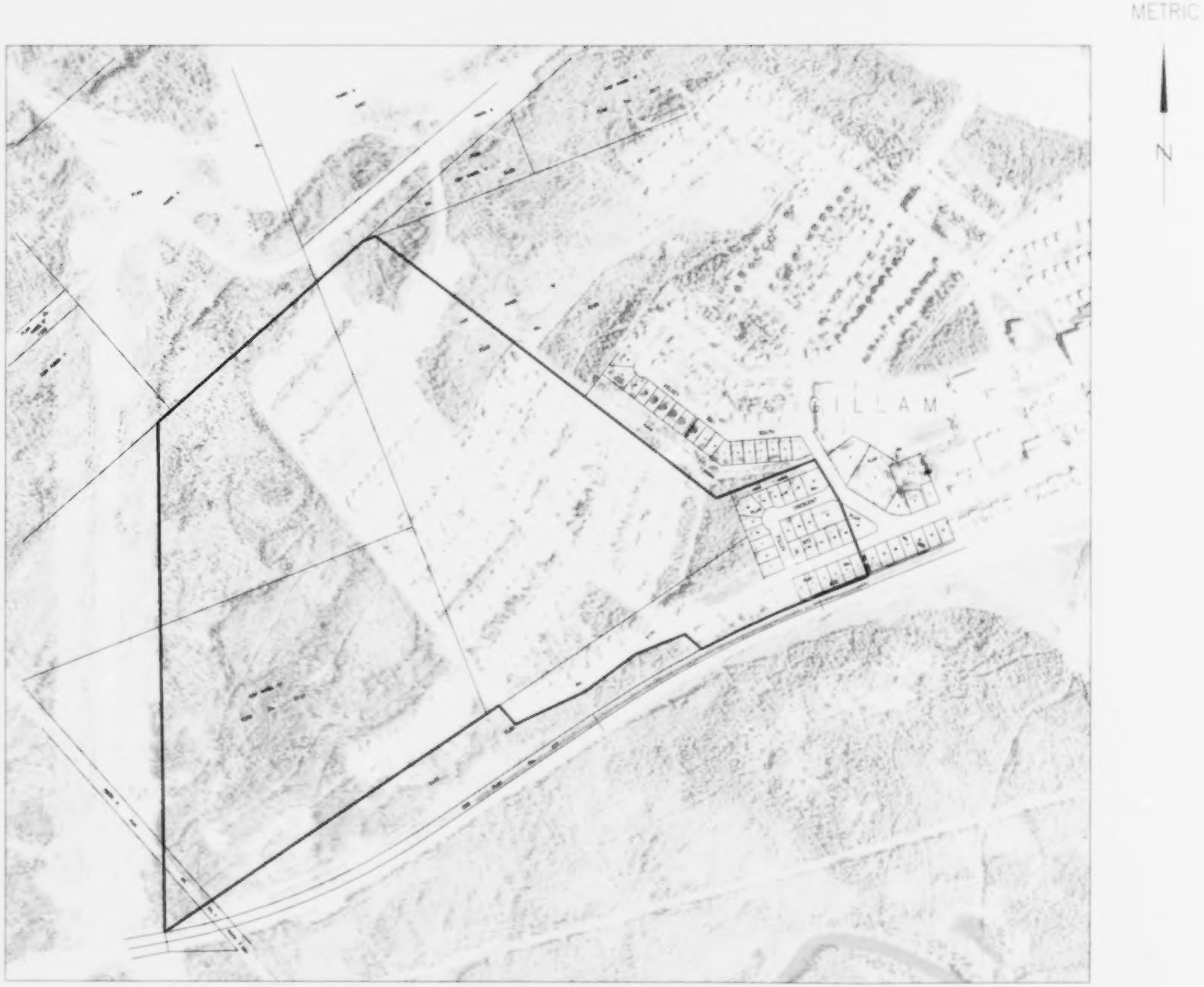
The photobase for this map is an orthophoto based on Air Photos from flightline No. MH99986404 available from the Province of Manitoba Land Information Centre.

The Air Photos were flown in August of 1999.

October 18, 2002

PROVINCE OF MANITOBA
CONSERVATION
SURVEY SERVICES
1007 CENTURY STREET
WINNIPEG MB

File [illegible]
& [illegible]



PHOTOBASE

FOX LAKE FIRST NATION SETTLEMENT AGREEMENT (SCHEDULE 5.10)
GILLAM TRAILER COURT STUDY AREA
UNSURVEYED TP. 85 RGE. 18 E.P.M.
LGD OF GILLAM
MANITOBA
N.T.S. MAP SHEET REFERENCE 54D 7

SCALE 1:5000

BOUNDARIES SHOWN HEREON ARE APPROXIMATE ONLY
FOR REFERENCE PURPOSE ONLY

LEGEND

Boundary of Gillam Trailer Court study area is shown bordered thus .... ▬▬▬

Plans shown are on record in the Portage la Prairie Land Titles Office (N. Div.)

The photobase for this map is an orthophoto based on Air Photos from flightline No. MH99385404 available from the Province of Manitoba Land Information Centre.

The Air Photos were flown in August of 1999.

October 18, 2002

PROVINCE OF MANITOBA
CONSERVATION
SURVEY SERVICES
1007 CENTURY STREET
WINNIPEG MB

File 2001863_4
& 2001825_4

SCHEDULE 5.11 – CONSULTANT TERMS OF REFERENCE

SUBJECT:

An analysis of the issues related to the setting apart of the Gillam Trailer Court as a "reserve" within the meaning of the *Indian Act* (Canada) for the use and benefit of Fox Lake First Nation ("Fox Lake").

BACKGROUND:

Fox Lake, Manitoba and Hydro entered into an Agreement in Principle in which Manitoba and Hydro agreed to support and facilitate Fox Lake's initiative to have all or part of the Gillam Trailer Court set apart as a reserve by Canada. A portion of the Gillam Trailer Court is owned by the Town of Gillam and a portion of the Gillam Trailer Court is owned by Manitoba.

The Parties have entered into an Agreement which resolves all outstanding issues arising from existing hydro-electric development. The Agreement provides for a study related to the creation of a reserve for the use and benefit of Fox Lake in the Gillam Trailer Court in accordance with these terms of reference. Manitoba will make available up to $20,000.00 for the purpose of reimbursing Fox Lake for the cost of retaining a consultant for such a study on the terms and conditions set out below.

SPECIFIC DUTIES AND RESPONSIBILITIES OF CONSULTANT:

1. The consultant will prepare a work plan and budget for review and approval by a Committee which will include one representative from Fox Lake, the Town of Gillam, and Manitoba, with a representative of Hydro participating as requested by the other members of the Committee.

2. After the work plan is approved by the Committee and, in consultation with each of Fox Lake, Hydro, Manitoba and the Town of Gillam, the consultant will collect, organize and evaluate information on the social, economic, cultural and technical issues involved in setting apart the Gillam Trailer Court as a reserve, including potential problems and opportunities related to the following matters:

    - the economic benefits of a reserve in the Gillam Trailer Court;
    - regional demographic trends;
    - federal funding of housing for Fox Lake;
    - federal funding of education and medical services for Fox Lake;
    - Fox Lake's future plan of developing, financing, managing, servicing and operating the Gillam Trailer Court in cooperation with the Town of Gillam;

- ownership of the Gillam Trailer Court by Fox Lake in fee simple before transfer to Canada for the purpose of setting the site apart as reserve;
- the funding and administration of adjacent infrastructure and services in the Town of Gillam;
- issues related to the sale of property owned by the Town of Gillam, including price, purchaser, etc.;
- issues related to property owned by Manitoba;
- the rights and responsibilities of current residents of the Gillam Trailer Court; and
- the Town of Gillam's economic development plan(s).

3. The consultant will prepare a written report of not more than 75 pages which addresses the issues outlined in paragraph 2 and which outlines any findings and conclusions.

4. The consultant will submit a final report to the Committee within a time frame agreed to in the approved work plan.

SCHEDULE 5.12 – FORM OF LETTER FROM MINISTER

Chief ________
Fox Lake First Nation

Dear Chief ___________:

I am writing to you to advise of the approach favoured by the Government of Manitoba relating to the establishment of a reserve under the *Indian Act* by your First Nation in the Town of Gillam. We recognize that Fox Lake First Nation is interested in establishing a reserve in the Town of Gillam at some time in the future and, in particular, that your First Nation is interested in having the Gillam trailer court established as a reserve for its use and benefit.

The Government of Manitoba is considering this issue at this time at your request, because your First Nation, Manitoba and Manitoba Hydro are now in the process of concluding the negotiation of a Settlement Agreement to address outstanding issues associated with hydro-electric development on the Churchill, Nelson, Rat and Burntwood River Systems and the development of the Lake Winnipeg Regulation System north of the 53rd parallel.

An Agreement in Principle between Fox Lake First Nation, the Government of Manitoba and Manitoba Hydro was signed on ____________, which now serves as the basis for the conclusion of the Settlement Agreement. The Agreement in Principle involved a number of items for the benefit of Fox Lake First Nation and its members, including resource management arrangements, payments to be held by Fox Lake First Nation and the provision of certain additional lands to Fox Lake First Nation, some parcels of which are intended to be set apart as reserve. The Settlement Agreement also provides for a study to be conducted to analyze issues related to the establishment of a reserve for Fox Lake First Nation in the Gillam trailer court.

Schedule 5.12 - Form of Letter from Minister

I can advise that the Government of Manitoba will, as a matter of policy, support a proposal by Fox Lake First Nation for a reserve to be set apart in the Town of Gillam for their use and benefit where the following conditions are met:

- Fox Lake First Nation obtains title to a parcel of land in the Town of Gillam for that purpose, which it has transferred, or proposes to transfer, to Canada to be set apart as reserve;
- the land must be acceptable to the Government of Canada to be set apart by Canada as reserve;
- Fox Lake First Nation and the Town of Gillam complete a Municipal Development and Services Agreement satisfactory to each of them;
- the Government of Manitoba is not responsible for any costs associated with the acquisition of the parcel, the establishment of the reserve or any buildings or infrastructure located on the reserve;
- all third party interests on the property, including interests of public utilities, are addressed in a manner satisfactory to those third parties;
- the land is not required for public purposes;
- the land must be of reasonable size for the intended purpose.

I am providing this letter on behalf of the Government of Manitoba in conjunction with the completion of the Settlement Agreement. This letter expresses the policy of the Government of Manitoba on this matter and does not constitute a legal agreement or a legally binding or enforceable commitment of the Government of Manitoba. We have provided this letter to reflect current government policy at the request of Fox Lake First Nation.

Yours sincerely,

ARTICLE 6 - RESOURCE MANAGEMENT

6.1 INTRODUCTION

6.1.1 Introduction. Article 6 provides for:

(a) the establishment of the **Fox Lake Resource Management Area**;

(b) the operation of the **Fox Lake Resource Management Board** composed of representatives appointed by **Fox Lake** and **Manitoba**; and

(c) strategic planning in response to initiatives developed by **Fox Lake** relating to economic and **Resource** related activities within the **Fox Lake Resource Management Area**.

6.2 FOX LAKE RESOURCE MANAGEMENT AREA

6.2.1 Establishment of **Fox Lake Resource Management Area**. The lands and waters depicted on the map attached as Schedule 6.1 are hereby established as the **Fox Lake Resource Management Area**.

6.2.2 Amendment of Area. The **Fox Lake Resource Management Area** may be amended by agreement in writing between **Fox Lake** and **Manitoba**.

6.2.3 Amalgamation of Area. The **Fox Lake Resource Management Area** may, by agreement in accordance with subsection 6.2.2, be amalgamated with all or any portion of:

(a) the **Split Lake Resource Management Area,** provided that the Split Lake Cree First Nation agrees in writing with the amalgamation;

(b) the **York Factory Resource Management Area**, provided that the York Factory First Nation agrees in writing with the amalgamation; and

(c) any other Resource Management Area, provided that any First Nation or community having rights which arise out of an agreement with **Manitoba** in relation to that Resource Management Area agrees in writing with the amalgamation.

6.2.4 Relationship with Town of Gillam. Subject to subsection 6.2.3, **Fox Lake** and **Manitoba** may, with the Town of Gillam, consider mechanisms to integrate the activities of the **Fox Lake Resource Management Board** with the activities of the Town of Gillam. **Fox Lake**, **Manitoba** and the Town of Gillam may, by agreement in writing, provide for the implementation of those mechanisms.

6.3 FOX LAKE RESOURCE MANAGEMENT BOARD

6.3.1 Establishment. Within thirty (30) days following the **Date of this Agreement**, **Fox Lake** and **Manitoba** will each appoint four (4) persons to constitute the **Fox Lake Resource Management Board** and advise the other in writing of the appointments.

6.3.2 Board Meetings. The **Fox Lake Resource Management Board** will meet not later than sixty (60) days following the appointment of its last member. Except during the first year after the **Date of this Agreement**, the **Fox Lake Resource Management Board** will meet at least four (4) times a year at a location agreed upon by Board members.

6.3.3 Change in Number of Members. The number of Board members may be changed by agreement in writing between **Fox Lake** and **Manitoba** provided that there is always an equal number of members appointed by each.

6.3.4 Alternate Members. Subject to subsection 6.3.5, if any Board member is unable to attend a meeting, the **Party** that appointed that member may, by providing notice in writing to the other **Party**, appoint a temporary replacement of that member.

6.3.5 Limitation on Number of Alternate Members. There will be a maximum of one (1) temporary replacement appointed by each **Party** pursuant to subsection 6.3.4 in attendance at any meeting of the **Fox Lake Resource Management Board**.

6.3.6 Replacing Members. **Fox Lake** and **Manitoba** may, at any time, by providing notice in writing to the other, revoke the appointment of any member of the **Fox Lake Resource Management Board** appointed by that **Party**, including an alternate member under subsection 6.3.4, and appoint a replacement of that member.

6.3.7 Rules and Procedures The **Fox Lake Resource Management Board** may establish its own rules and procedures for the conduct of the business of the Board, consistent with this **Agreement**.

6.3.8 Selection of Chairperson. A Chairperson will be selected from among the members of the **Fox Lake Resource Management Board**. The Chairperson will have a vote as a member of the Board but will not have an additional deciding vote as Chairperson.

6.3.9 Quorum. A quorum will be at least three (3) of the members appointed by each of **Fox Lake** and **Manitoba**.

6.3.10 Decisions. Decisions of the **Fox Lake Resource Management Board** will be made by consensus unless a member requests that a vote be taken. Equal numbers of members appointed by each of **Fox Lake** and **Manitoba** will participate in any vote. Every motion put to a vote will be defeated unless supported by a majority of the members appointed by **Fox Lake** and a majority of the members appointed by **Manitoba** participating in that vote.

6.3.11 Sharing of Costs. Notwithstanding section 6.8:

(a) **Fox Lake** will pay the costs of its representatives on the **Fox Lake Resource Management Board**; and

(b) **Manitoba** will pay the costs of its representatives on the **Fox Lake Resource Management Board**.

6.4 FUNCTIONS AND PURPOSES OF THE BOARD

6.4.1 Board Activities. In order to promote land use planning and **Resource** management, the **Fox Lake Resource Management Board**:

(a) will develop and recommend **Resource Management Plans** in accordance with subsection 6.4.2;

(b) will develop and recommend **Land Use Plans** in accordance with subsection 6.4.5;

(c) may examine, study and review **Resources**, their use, and matters affecting the same, including the nature and extent of **Fish** and **Wildlife** populations, and their environment;

(d) may conduct and coordinate monitoring activities, including, subject to subsection 6.4.8, environmental monitoring, of the effects of activities within the **Fox Lake Resource Management Area**, which may include the consideration of any information made available under subsections 6.9.2 and 6.9.3;

(e) may monitor and review the use and allocation of **Resources**;

(f) will, where directed to do so by agreement of **Fox Lake** and **Manitoba**, engage in strategic planning in response to initiatives developed by **Fox**

Lake relating to economic and **Resource** related activities within the **Fox Lake Resource Management Area**, including:

(i) the review of provincial laws and policies relating to land and **Resource** management, including considering any proposed changes to those laws and policies,

(ii) the consideration of opportunities for the involvement of the **Resource Management Board**, **Fox Lake** or **Fox Lake Citizens** relating to the use of **Resources**,

(iii) the amalgamation of the **Fox Lake Resource Management Area** with other resource management areas, in a manner consistent with section 6.2,

(iv) the cooperation of the **Fox Lake Resource Management Board** with other resource management boards, and

(v) other matters jointly agreed to by **Fox Lake** and **Manitoba**;

(g) may propose subjects for research;

(h) may prepare information and communication strategies;

(i) may hold meetings and workshops or otherwise consult publicly or privately with any person; and

(j) will carry out other responsibilities as may be agreed upon by **Fox Lake** and **Manitoba**, including any responsibilities arising out of a strategic planning activity under paragraph 6.4.1(f).

6.4.2 Resource Management Plans. Subject to subsection 6.4.3, the **Fox Lake Resource Management Board** will develop and recommend **Resource Management Plans** for the **Fox Lake Resource Management Area**, or any part thereof, which, without limitation, may include provision for:

(a) measures to enhance and preserve areas of significant **Fish** and **Wildlife** populations;

(b) methods of harvesting **Resources**;

(c) health and safety considerations;

(d) procedures for the assignment or re-assignment of new, vacant or under-utilized traplines, fishery quotas and wild rice licences;

(e) enforcement considerations;

(f) protecting, conserving and enhancing **Resources** and the environment, including areas of ecological, cultural or historical significance;

(g) prescribing and monitoring levels of use of **Resources**;

(h) proposing the modification of existing priorities and allocations for domestic, commercial and recreational uses of **Resources** by lease, permit, quota or otherwise;

(i) resolving conflicts related to the use of **Resources**;

(j) sustainable development of **Resources**; and

(k) proposing a role for the **Fox Lake Resource Management Board** in the implementation of the **Resource Management Plan**.

6.4.3 Application of **Resource Management Plans**. Notwithstanding subsection 6.4.2 and subject to applicable legislation, a **Resource Management Plan** will apply within a **Municipality** only insofar as it does not conflict with a **Development Plan** for the **Municipality** or any part thereof.

6.4.4 **Resource** Use. **Fox Lake** and **Manitoba** recognize that:

(a) other individuals may, as provided by law, hunt, trap or fish in the **Fox Lake Resource Management Area**, subject to:

  (i) the aboriginal and treaty rights of aboriginal peoples recognized and affirmed by section 35 of the *Constitution Act, 1982*, and

  (ii) **Resource Management Plans** in force;

(b) the conservation, management and protection of **Resources** in the **Fox Lake Resource Management Area** is desirable; and

(c) actions under Article 6 by the **Fox Lake Resource Management Board**, **Fox Lake** and **Manitoba** will be consistent with the rights of **Fox Lake** and other aboriginal peoples, the rights of other individuals, and the desirability of conservation, management and protection of **Resources** in the **Fox Lake Resource Management Area**.

6.4.5 Land Use Plans. The **Fox Lake Resource Management Board** will develop and recommend **Land Use Plans** for the **Fox Lake Resource Management Area**, or any part thereof, which, without limitation, may include provision for:

(a) zoning lands;

(b) prescribing areas of land or bodies of waters for purposes of regulating use and activities thereon;

(c) prescribing and regulating land uses;

(d) establishing administrative arrangements for the construction or occupation of cabins or shelters;

(e) recognizing and preserving areas of ecological, cultural or historical significance;

(f) resolving conflicting uses of land; and

(g) the implementation of a **Land Use Plan**.

6.4.6 Application of **Land Use Plans**. Notwithstanding subsection 6.4.5 and subject to applicable legislation, **Land Use Plans** will not apply within a **Municipality** in which a **Development Plan** is effective.

6.4.7 Environmental Monitoring by the Board. The **Fox Lake Resource Management Board** may conduct and coordinate environmental monitoring within the **Fox Lake Resource Management Area**, or any part thereof, which, without limitation, may include the following activities:

(a) receiving and analyzing environmental data or information:

   (i) supplied by any **Party**, or

   (ii) supplied by or obtained from any other source;

(b) monitoring, investigating, identifying and assessing any environmental data or information;

(c) collecting information on environmental conditions relevant to the **Fox Lake Resource Management Area**;

(d) compiling and maintaining a baseline of environmental conditions within the **Fox Lake Resource Management Area**;

(e) recommending to **Fox Lake**, **Manitoba** and other interested parties the nature and scope of environmental investigation and monitoring activities which could be undertaken in response to any environmental concern which may arise;

(f) conducting consultations with interested parties in connection with environmental findings and activities in the **Fox Lake Resource Management Area**; and

(g) performing such other duties as **Fox Lake** and **Manitoba** may jointly direct.

6.4.8 Environmental Monitoring by the **Parties**. No **Party** is required to take any action in relation to environmental monitoring except as:

(a) expressly provided in this **Agreement**; or

(b) otherwise required by law.

6.5 CONSULTATION ABOUT PLANS

6.5.1 Consultation with Interested Parties. Before recommending that a **Land Use Plan** or **Resource Management Plan** be adopted, the **Fox Lake Resource Management Board** will hold one (1) or more public meetings at such place and in such manner as it determines appropriate in order to provide information to and obtain the view of interested parties.

6.5.2 Giving Notice. The **Fox Lake Resource Management Board** will give at least thirty (30) days written notice of the meeting under subsection 6.5.1, with a copy of any proposed plan or recommendation to:

(a) **Hydro**;

(b) any First Nation which could be affected by the plan;

(c) any **Municipality** within the **Fox Lake Resource Management Area**;

(d) any third party that the **Fox Lake Resource Management Board** considers appropriate to be notified; and

(e) any board or group that **Manitoba** or **Fox Lake** advises the **Fox Lake Resource Management Board** be notified.

6.6 ADOPTION OF PLANS AND RECOMMENDATIONS

6.6.1 Submission of Plans and Recommendations to **Fox Lake** and **Manitoba**. The **Fox Lake Resource Management Board** will submit proposed **Land Use Plans**, **Resource Management Plans**, environmental monitoring plans or any recommendations to **Fox Lake** and **Manitoba** accompanied by written reasons for supporting the plan or recommendation and written confirmation of consultation and notice in accordance with subsections 6.5.1 and 6.5.2, and **Fox Lake** and **Manitoba** will each consider this submitted plan or recommendation within ninety (90) days of submission.

6.6.2 Adoption of Plans and Recommendations. Where **Fox Lake** and **Manitoba** both advise the **Fox Lake Resource Management Board** that a plan or recommendation submitted under subsection 6.6.1 is acceptable for adoption, each will promptly take all appropriate steps within its jurisdiction to give such plan or recommendation full effect and will promptly provide the **Fox Lake Resource Management Board** with documentation evidencing that such effect has been given.

6.6.3 Non-Adoption of Plans and Recommendations. If either **Fox Lake** or **Manitoba** does not adopt a plan or recommendation of the **Fox Lake Resource Management Board** submitted to it under subsection 6.6.1, the **Party** not adopting the plan or recommendation will, within the ninety (90) day period referred to in subsection 6.6.1:

(a) refer the matter to the Board for further consideration; and

(b) provide written reasons for its decision not to adopt the plan or recommendation to the Board, with a copy to the other **Party**.

6.6.4 Resubmission of Plan or Recommendation to **Fox Lake** and **Manitoba**. Where either **Fox Lake** or **Manitoba** has referred a matter to the **Fox Lake Resource Management Board** for further consideration under paragraph 6.6.3(a), the **Fox Lake Resource Management Board** may, within thirty (30) days following its next meeting, submit to **Fox Lake** and **Manitoba**:

(a) a revised plan or recommendation; or

(b) a request that the plan or recommendation first submitted under subsection 6.6.1 be reconsidered, including such additional information as the **Fox Lake Resource Management Board** may consider relevant.

6.6.5 Final Decision. **Fox Lake** and **Manitoba** will each, within ninety (90) days of a submission of a plan, recommendation or request under subsection 6.6.4, advise the **Fox Lake Resource Management Board** and the other **Party** in writing of its decision on whether or not it adopts the plan or recommendation.

6.6.6 No Further Submission. Where a plan or recommendation submitted under subsection 6.6.4 is not adopted by both **Fox Lake** and **Manitoba**, the **Fox Lake Resource Management Board** may not make a further submission under subsection 6.6.4 of the same plan or the same recommendation without first having obtained the approval of both **Fox Lake** and **Manitoba**.

6.6.7 Extensions. Time limits set forth in section 6.6 may be extended by agreement in writing between **Fox Lake** and **Manitoba**.

6.6.8 Plans and Recommendations of No Force or Effect. Unless adopted by both **Fox Lake** and **Manitoba**, no **Resource Management Plan** or **Land Use Plan** developed by the **Fox Lake Resource Management Board** or recommendation of the **Fox Lake Resource Management Board** will have any force or effect.

6.6.9 Review of Plans and Recommendations. The **Fox Lake Resource Management Board** will conduct a regular review of all adopted plans and recommendations and, where the **Fox Lake Resource Management Board** considers necessary, propose amendments to **Fox Lake** and **Manitoba** along with supporting reasons. The procedures set out in subsections 6.6.1 to 6.6.8, inclusive, will apply to any proposed amendments.

6.7 ALLOCATIONS OF LAND AND RESOURCES

6.7.1 Application of Section 6.7. Section 6.7 applies only to allocations of land and **Resources** in circumstances where there is no applicable approved **Land Use Plan** or **Resource Management Plan**.

6.7.2 Forwarding of Requests by **Manitoba** to Board. Pending approval of any **Land Use Plan** or **Resource Management Plan** with respect to the lands and **Resources** within the **Fox Lake Resource Management Area**, **Manitoba** will forward to the **Fox Lake Resource Management Board** for its consideration a copy of any request or application for an allocation or disposition of **Resources** related to Crown (Manitoba) land in the **Fox Lake Resource Management Area** and a copy of any application for a mineral exploration licence, quarry lease or quarry permit under *The Mines and Minerals Act* (Manitoba).

6.7.3 Forwarding Requests by **Fox Lake** to Board. Pending approval of any **Land Use Plan** or **Resource Management Plan** with respect to the lands and **Resources** within the **Fox Lake Resource Management Area**, **Fox Lake** will forward to the **Fox Lake Resource Management Board** for its consideration a copy of any request or application for an allocation or disposition of **Resources** related to **Reserve** land in the **Fox Lake Resource Management Area**.

6.7.4 Consideration of Requests by Board. The **Fox Lake Resource Management Board** will consider requests or applications forwarded to it under subsection 6.7.2 or 6.7.3 within forty-five (45) days of the request or application.

6.7.5 Recommendation by Board. Where the **Fox Lake Resource Management Board** considers a request or application under subsection 6.7.4, the **Fox Lake Resource Management Board** may submit recommendations to the **Party** which forwarded the request or application under subsection 6.7.2 or 6.7.3, in which case the procedures set out in subsections 6.6.1 to 6.6.8, inclusive, will apply with necessary modifications.

6.7.6 No Recommendation by Board. In the absence of a recommendation being submitted by the **Fox Lake Resource Management Board** within the time period provided under section 6.6, **Fox Lake** or **Manitoba**, in the sole discretion of each, may act within its respective jurisdiction upon such requests or applications and will advise the **Fox Lake Resource Management Board** of its actions.

6.7.7 Transitional Measures. From the **Date of this Agreement** to the date the **Fox Lake Resource Management Board** first meets, **Fox Lake** and **Manitoba** will defer any request or application for an allocation or disposition of **Resources** within the **Fox Lake Resource Management Area** which is received after the **Date of this Agreement**. Where **Manitoba** has, prior to the **Date of this Agreement**, provided copies of a request or application to **Fox Lake**, and deferred such request or application pending the execution of this **Agreement**, **Manitoba** will provide such request or application and any new request or application to the **Fox Lake Resource Management Board** at its first meeting, and the **Fox Lake Resource Management Board** will submit its recommendation on any such request or application within forty-five (45) days of the appointment of the last member of the Board, and the procedures set out in subsections 6.6.1 to 6.6.8 inclusive will apply with necessary modifications.

6.8 PROGRAMS AND BUDGETS

6.8.1 Annual Program and Budget. On or before September 1 in any year, except for the first year of this **Agreement**, the **Fox Lake Resource Management Board** will submit to **Fox Lake** and **Manitoba** for approval an annual program and budget for the next fiscal year, approved by the Board. **Fox Lake** and **Manitoba** each will, within ninety (90) days of receiving the annual program and budget, advise the **Fox Lake Resource Management Board** and the other **Party** in writing as to whether it accepts or rejects all or part of the annual program and budget. Where all or part of the annual program and budget is rejected by **Fox Lake** or **Manitoba**, **Fox Lake** or **Manitoba**, as the case may be, will provide reasons for its rejection, and the **Fox Lake Resource Management Board** will consider and submit a revised annual program and budget.

6.8.2 Budget Components. The annual program and budget may:

(a) include anticipated requirements for:

(i) staff, facilities, equipment and administration,

(ii) public meetings, consultations and hearings,

(iii) research, publications and public education,

(iv) technical assistance,

(v) environmental monitoring, and

(vi) other programs or activities determined by the **Fox Lake Resource Management Board**; and

(b) include anticipated requirements for activities associated with consultation by **Manitoba** and others with **Fox Lake** including consultation about matters outside the **Fox Lake Resource Management Area**, and

(c) identify how the budget will be funded and to whom elements of the budget will be paid.

6.8.3 Fiscal Year. The fiscal year of the **Fox Lake Resource Management Board** will commence on April 1 in each year unless changed by agreement in writing between **Fox Lake** and **Manitoba**.

6.8.4 Reports. The **Fox Lake Resource Management Board**:

(a) will within ninety (90) days after the end of the fiscal year provide **Fox Lake** and **Manitoba** with a written report which includes:

(i) a description of the activities carried out during the year,

(ii) a summary of decisions and recommendations,

(iii) an evaluation of the success or failure of the activities undertaken, and the reasons therefor, and

(iv) an identification of any deficiencies in activities related to land use planning, resource management and environmental monitoring; and

(b) may produce, from time to time, other reports or materials.

6.9 ASSISTANCE AND INFORMATION

6.9.1 Technical Support. Technical support for land use planning, **Resource** management and environmental monitoring normally available from **Manitoba** will be made available to, and coordinated with programs of, the **Fox Lake Resource Management Board**, without charge. However, in those instances where a fee or charge has been established, it will be levied, unless otherwise waived by **Manitoba**.

6.9.2 Requesting Information. **Fox Lake** and **Manitoba** will each, upon the written request of the **Fox Lake Resource Management Board**, **Fox Lake** or **Manitoba**, and subject to payment, unless waived, of any set fee or charge, provide the **Fox Lake Resource Management Board** with information within its control about matters being dealt with by or of interest to the **Fox Lake Resource Management Board**.

6.9.3 Requesting Assistance. **Fox Lake** and **Manitoba** will each, upon the written request of the **Fox Lake Resource Management Board**, **Fox Lake** or **Manitoba**, provide to the **Fox Lake Resource Management Board**:

(a) information concerning the application of existing laws, policies, procedures and plans affecting management or use of **Resources** in the **Fox Lake Resource Management Area**;

(b) information concerning any proposed changes to any laws, policies, procedures and plans affecting management or use of **Resources** in the **Fox Lake Resource Management Area** to the extent that that information is not confidential or privileged;

(c) any completed reports, data, findings or recommendations prepared or submitted by any board or group advising **Fox Lake** or **Manitoba** on matters which might relate to or affect the management of **Resources** in the **Fox Lake Resource Management Area**; and

(d) assistance in drafting any recommendation or plan. This will not imply that **Manitoba** or **Fox Lake** will adopt the recommendation or plan.

6.9.4 Disclosure subject to Legislation. Provision of information under Article 6 will be subject to the restrictions on use and disclosure of information set out in *The Freedom of Information and Protection of Privacy Act* (Manitoba).

6.10 GENERAL

6.10.1 No Derogation. Nothing in Article 6 will derogate from any authority of **Fox Lake** or **Manitoba**, each within its respective jurisdiction, ownership or administration and control, over the **Resources** in the **Fox Lake Resource Management Area**.

6.10.2 Aboriginal or Treaty Rights Not Affected. Nothing in Article 6 affects the right of **Fox Lake** or **Fox Lake Citizens** to assert and rely on their existing aboriginal, treaty or constitutional rights in the **Traditional Territory**.

6.10.3 Access to Lands. Nothing in Article 6 restricts the right of any person to enter on Crown (Manitoba) lands for any lawful purpose.

6.10.4 Existing Rights. Nothing in Article 6 will affect any rights or privileges granted under any licences, permits, leases or approvals issued by or on behalf of **Fox Lake** or **Manitoba** prior to the **Date of this Agreement.**

6.10.5 Statutory Requirements. Nothing in Article 6 alters any statute or any statutory authority or requirement or confers any statutory approval.

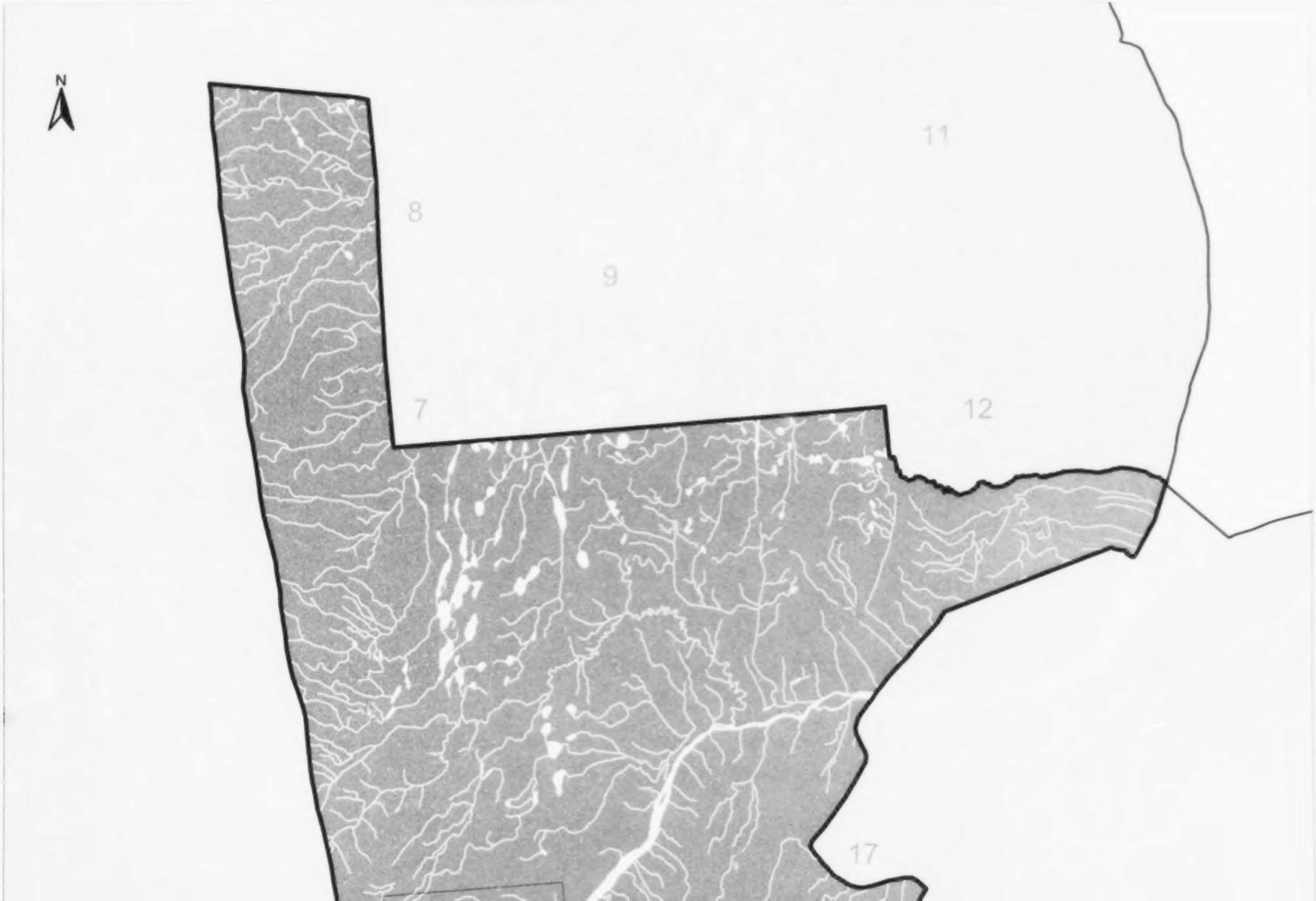
6.10.6 Discontinuance. **Fox Lake** and **Manitoba** may, by agreement in writing:

(a) discontinue the **Fox Lake Resource Management Board** and its activities; or

(b) assign the functions of the **Fox Lake Resource Management Board** under Article 6 to other entities.

6.10.7 No Revenue Sharing. The functions and purposes of the **Fox Lake Resource Management Board** do not extend to consideration of royalties, income or other revenue derived from or attributable to **Resources**, and nothing in this **Agreement** entitles **Fox Lake** or **Manitoba** to share in the royalties, income or other revenue derived from **Resources** within the other's jurisdiction, ownership or administration and control.

6.10.8 Amendment of Article 6. Except for section 6.5, **Fox Lake** and **Manitoba** may amend Article 6, by agreement in writing, provided that any such amendment is not prejudicial to **Hydro**.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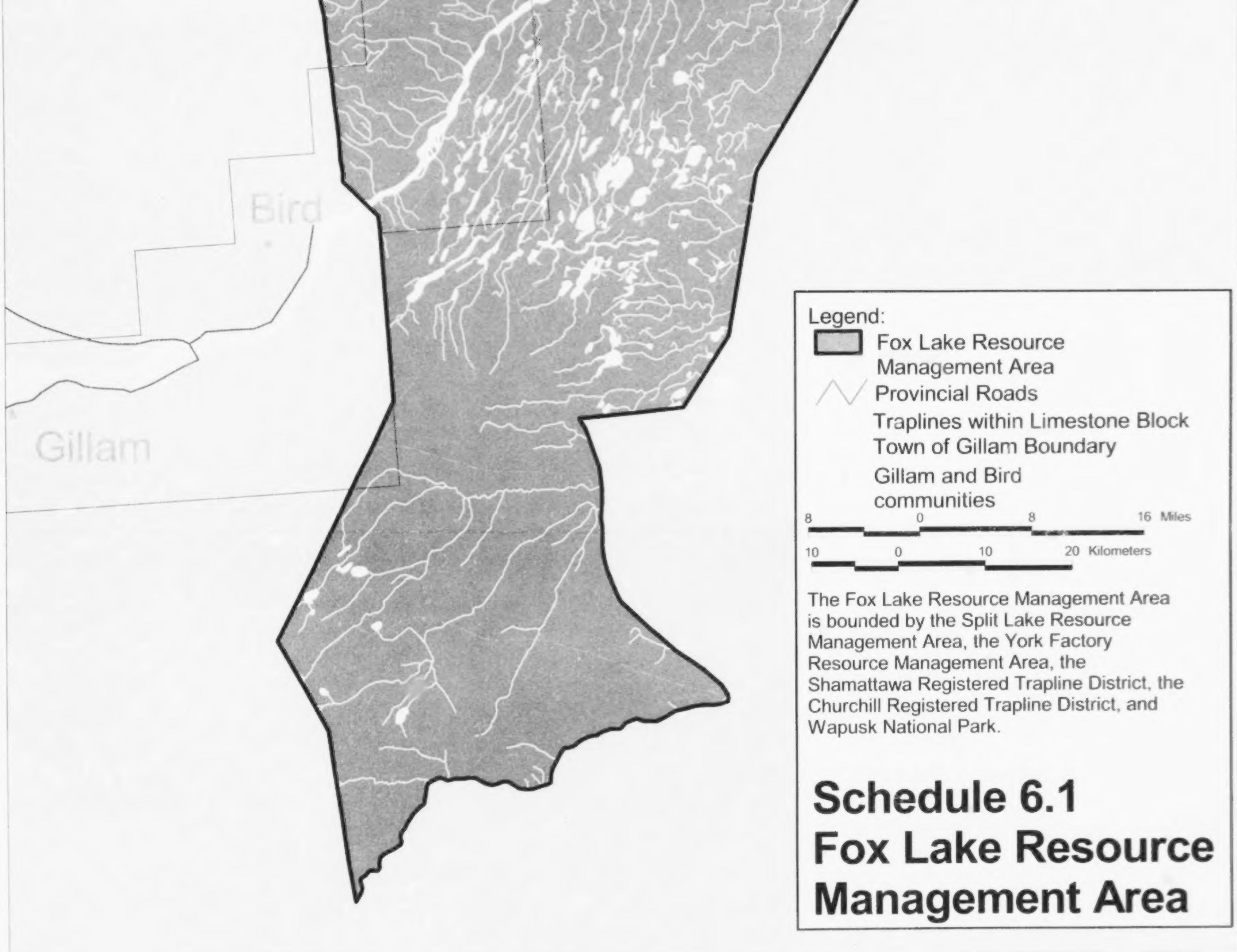
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▨ Fox Lake Resource Management Area
Provincial Roads
Traplines within Limestone Block
Town of Gillam Boundary
Gillam and Bird communities
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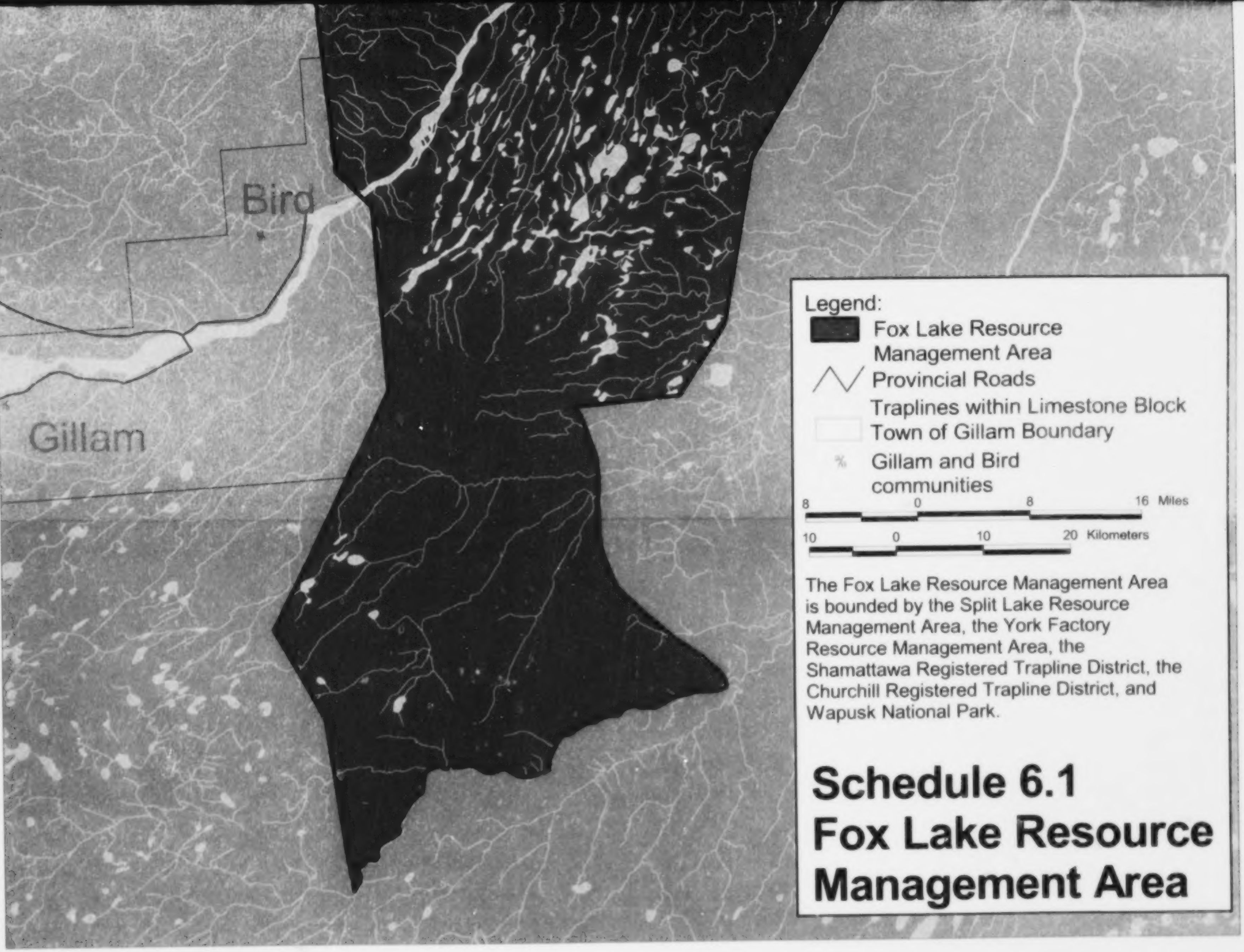
The Fox Lake Resource Management Area is bounded by the Split Lake Resource Management Area, the York Factory Resource Management Area, the Shamattawa Registered Trapline District, the Churchill Registered Trapline District, and Wapusk National Park.

Schedule 6.1
Fox Lake Resource Management Area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The Fox Lake Resource Management Area is bounded by the Split Lake Resource Management Area, the York Factory Resource Management Area, the Shamattawa Registered Trapline District, the Churchill Registered Trapline District, and Wapusk National Park.

Schedule 6.1
Fox Lake Resource Management Area

ARTICLE 7 - CITIZENS' CLAIMS

7.1 INTRODUCTION

7.1.1 Introduction. Article 7 provides:

(a) subject to subsection 9.2.3, for **Fox Lake** to assume responsibility for resolving **Citizens' Claims** advanced before and after the **Date of this Agreement**;

(b) pursuant to section 9.3, for **Fox Lake** to indemnify **Hydro** for any **Citizen's Claim** advanced against **Hydro** before and after the **Date of this Agreement**.

7.2 CLAIMS OFFICER

7.2.1 Appointment of Claims Officer. The **Trustees** will, in accordance with section 6.9 of the **Indenture**, appoint:

(a) an independent **Claims Officer**; and

(b) an **Alternate Claims Officer** to act in the place of the **Claims Officer**, in the event that the **Claims Officer** is unable or unwilling to act;

who will administer claims in accordance with section 7.3.

7.2.2 Qualifications of **Claims Officer**. Any **Claims Officer** and any **Alternate Claims Officer** appointed pursuant to subsection 7.2.1 will be a **Fox Lake Citizen** who meets all the qualifications and requirements of eligibility for a **Trustee**, but a **Trustee** may not serve as a **Claims Officer**.

7.2.3 Tenure. The tenure of a **Claims Officer** will be automatically revoked where the **Claims Officer** ceases to meet the qualifications in subsection 7.2.2, in which case the **Alternate Claims Officer** will be deemed to be the **Claims Officer**, and a new **Alternate Claims Officer** will be appointed in accordance with subsection 7.2.1.

7.2.4 Undertaking. Prior to assuming office, the **Claims Officer** and **Alternate Claims Officer** will sign an undertaking in the form attached as Schedule 7.1.

7.2.5 Conflict. No **Claims Officer** who has an interest in the outcome of a claim that could affect the impartiality of such person may take part in the administration of that claim under section 7.3, in which case the **Alternate Claims Officer** will administer that claim.

7.3 ADMINISTRATION OF CLAIMS

7.3.1 Claims Account. **Fox Lake** acknowledges that a portion of the payment being made by **Hydro** pursuant to subsection 2.2.2 is to be used to cover the payment of **Citizens' Claims** advanced before and after the **Date of this Agreement**, and accordingly, a **Claims Account** has been established under the **Indenture** to cover the cost of these claims.

7.3.2 Citizen's Claim. A **Claimant** may advance a **Citizen's Claim** against the **Claims Account** within no more than two (2) years following the later of:

(a) the **Date of this Agreement**; or

(b) the date the loss or damage first became evident to the **Claimant**;

for compensation for loss or damage, which occurred or became evident to the **Claimant,** no earlier than two years prior to the **Date of this Agreement** and which is reasonably attributable to an **Adverse Effect** of the **Project**.

7.3.3 **Personal Property** Loss or Damage Occurring before **Date of this Agreement**. Notwithstanding the limitation period set forth in subsection 7.3.2, for one (1) year following the **Date of this Agreement**, **Fox Lake Citizens** shall have the one-time opportunity to advance **Citizen's Claims** against the **Claims Account** for loss or damage to **Personal Property** where the loss or damage occurred and/or became evident to the **Claimant** earlier than two years prior to the **Date of this Agreement**.

7.3.4 **Hydro** to Notify **Claimant**. If a **Citizen's Claim** is advanced against **Hydro**, **Hydro** will immediately:

(a) forward the claim to **Chief and Council**; and

(b) notify the **Claimant** in writing that the claim should be advanced against the **Claims Account**, in accordance with the provisions of this **Agreement**.

7.3.5 **Hydro** to Consider Matters Addressed in Subsection 9.2.3. Where a **Citizen's Claim** advanced against **Hydro** relates to a matter identified in subsection 9.2.3, **Hydro** will retain responsibility for administering that claim.

7.3.6 Initial Determination. All **Citizen's Claims** received by **Fox Lake** will be forwarded to the **Claims Officer** who will, as soon as reasonably practicable:

(a) investigate the claim;

(b) determine whether the claim has been brought within the relevant time limit imposed under subsection 7.3.2 or 7.3.3;

(c) determine whether the **Claimant** was a **Fox Lake Citizen** at the time of the alleged loss or damage; and

(d) determine whether the claim or a portion of the claim is a matter falling under subsection 9.2.3 in which case the **Claims Officer** will:

  (i) forward the claim to **Hydro**, and

  (ii) advise the **Claimant** in writing of the determination.

7.3.7 Claims Officer Determination not Binding on **Hydro**. Where the **Citizen's Claim** is referred to **Hydro** by the **Claims Officer**, **Hydro** shall address the said claim outside of the terms of this **Agreement**, but the **Claims Officer's** determination shall be without prejudice to **Hydro's** right to resist the claim or, if the claim is found to have merit, to claim an indemnity otherwise available under section 9.3.

7.3.8 Further Decision Process. If, pursuant to subsection 7.3.6, the **Claims Officer** determines that:

(a) the **Citizen's Claim** is not one referable to **Hydro**;

(b) the **Citizen's Claim** has been brought within the relevant time limit imposed under subsection 7.3.2 or 7.3.3; and

(c) the **Claimant** was a **Fox Lake Citizen** at the time of the alleged loss or damage;

then the **Claims Officer** will:

(d) determine whether the **Citizen's Claim** is reasonably related to an **Adverse Effect** of the **Project** that is settled by this **Agreement** and determine whether the claim should be paid;

(e) determine whether the amount of compensation requested is appropriate, taking into account any prior benefit received by, or compensation or insurance proceeds, paid or payable to, the **Claimant**;

(f) provide **Chief and Council** and the **Trustees** with written notice of his or her determinations under paragraphs (d) and (e); and

(g) provide the **Claimant** with written notice of his or her determination under paragraphs (d) and (e) above, and where a **Citizen's Claim** is to be paid in whole or in part, provide the **Claimant** with an Acceptance and Release Form in the form of Schedule 7.2.

7.3.9 Notice to **Hydro**. Upon being advised pursuant to paragraph 7.3.8(f), that the **Claims Officer** has determined that:

(a) a **Citizen's Claim** should not be paid; or

(b) the amount of compensation requested is inappropriate;

Chief and Council will provide **Hydro** with written notice of such determination.

7.3.10 Payment of **Citizens' Claims**. Where the **Claims Officer** determines pursuant to paragraphs 7.3.8(d) and (e) that all or any portion of a **Citizen's Claim** is to be paid and provides notice to the **Trustees** in accordance with paragraph 7.3.8(f), the **Trustees** will:

(a) upon receipt of the Acceptance and Release Form in the form of Schedule 7.2 signed by the **Claimant**, pay the **Citizen's Claim** with **Trust Funds** advanced from the **Claims Account**; and

(b) immediately upon payment of the claim, notify **Hydro** of the payment and provide a copy of the Acceptance and Release Form referenced in paragraph 7.3.10(a) to **Hydro**.

7.3.11 Liability of **Chief and Council** and the **Fox Lake Trustees**. Members of **Chief and Council**, the **Trustees**, the **Claims Officer** and, where applicable, the **Alternate Claims Officer** will be responsible for the fair, prudent and impartial administration and payment of the **Citizen's Claims** and provided they act in good faith they will incur no liability with respect to their administration and payment of such claims.

SCHEDULE 7.1 - Undertaking of Claims Officer

I, ________________ , being an appointee of the Trustees of the Nikanihk Itapowin Trust to serve as a Claims Officer (or alternate Claims Officer), state and undertake as follows:

1. I have read, or had explained to me, the terms of the 200* Fox Lake Settlement Agreement and Trust Indenture with particular reference to the provisions relating to administration and deciding of citizen's Claims as defined in the Settlement Agreement, and understand the terms of the Settlement Agreement and the Trust Indenture.

2. I hereby accept and will honestly and faithfully discharge the duties and responsibilities of a Claims Officer (or Alternate Claims Officer), during my term of office.

3. I have been advised by ________________, a member of Chief and Council or a Trustee, that I have the right to obtain legal counsel in connection with the execution of this undertaking.

4. I have obtained (or I hereby waive my right to) the advice of legal counsel in making this undertaking.

DATED at on the day of , .

____

SCHEDULE 7.2 - Claimant Acceptance and Release for Compensation for Citizen's Claim

I, ____ (name of Claimant) ____, filed a claim dated ___________, under Article 7 of the 200* Fox Lake Settlement Agreement in respect of loss or damage that I became aware of on ________, arising from an adverse effect caused by the development or operation of works by Manitoba Hydro.

A decision on the claim was made by the Claims Officer, dated ____________, a copy of which is attached.

That a decision is a fully satisfactory settlement of the damage or loss referenced in the claim dated ____________.

In consideration of the payment of (amount), I hereby fully and finally release the Fox Lake First Nation, Chief and Council, the Nikanihk Itapowin Trust, the Claims Officer and the Trustees of the Nikanihk Itapowin Trust with respect to this claim, and I will bring no further claim for the same damage or loss against any other person, including Manitoba Hydro.

I have been advised by __________________, (the Claims Officer, a member of Chief and Council or a Trustee of the Nikanihk Itapowin Trust), that I have the right to obtain legal counsel in connection with the execution of the release.

I have obtained (or hereby waive my right to) the advice of legal counsel in connection with this release.

DATED at _____on the _______ day of ______ , ___ .

_________________________ _________________________

Witness Claimant

ARTICLE 8 - FUTURE DEVELOPMENT & DECOMMISSIONING

8.1 INTRODUCTION

8.1.1 Introduction. Article 8 sets forth cooperative planning principles and processes for the analysis, discussion and resolution of potential **Adverse Effects** caused by and in relation to **Future Development**.

8.2 NOTICE

8.2.1 Future Development. **Hydro** and **Fox Lake** acknowledge that **Hydro** may, within the foreseeable future, undertake **Future Development** and initiate further preparatory and other work related to such **Future Development**.

8.2.2 Notice. **Hydro** will, at least annually, provide to **Fox Lake** a letter advising whether or not it is actively considering a **Future Development**. If at any time, a **Future Development** is being actively considered, in addition to so advising in its annual letter, **Hydro** will give written notice to **Fox Lake**, as early as practicable in the planning stages of the **Future Development**, of its intention to commence the planning process outlined in section 8.3.

8.2.3 Agreement to Begin **Adverse Effects** Compensation Process. After notice is provided in accordance with subsection 8.2.2, **Hydro** and **Fox Lake** agree to conduct the process outlined in section 8.3 to consider the issue of compensation for potential **Adverse Effects** of **Future Development**.

8.3 PROCESS TO ADDRESS ADVERSE EFFECTS OF FUTURE DEVELOPMENT

8.3.1 Annual Meeting. After notice is provided under subsection 8.2.2, **Hydro** agrees to annually convene in Gillam, or elsewhere in Manitoba, a special meeting with, or attend a regular meeting of, **Chief and Council** and its advisors:

(a) to review work undertaken by **Hydro** since the **Date of this Agreement** or the last annual meeting in relation to **Future Development**;

(b) to review any physical works related to **Future Development** which **Hydro** intends to construct in the coming year; and

(c) to discuss issues and concerns relevant to **Future Development** and decommissioning.

8.3.2 **Future Development** Compensation Process. As part of the planning process for **Future Development**, **Hydro** will:

(a) with respect to each option for **Future Development** being considered by **Hydro**, provide to **Fox Lake**:

  (i) maps showing potential sites,

  (ii) detailed descriptions of each option for **Future Development** including anticipated impacts on water levels and rates of change in water levels of Stephens Lake and other water bodies in the area identified in Schedule 1.1,

  (iii) maps showing the anticipated extent of inundation,

  (iv) an outline of anticipated effects on water bodies in the area identified in Schedule 1.1, and

  (v) as changes are made, up-dates of the maps, descriptions and outlines referred to in subparagraphs (i) to (iv);

(b) in consultation with **Fox Lake**, identify any issues of particular concern or importance to **Fox Lake** and **Fox Lake Citizens** related to **Future Development**;

(c) in consultation with **Fox Lake**, identify and review potential **Adverse Effects** on **Fox Lake** and **Fox Lake Citizens** which could result from each option for **Future Development**;

(d) undertake such studies and investigations as are necessary to obtain a reasonable assessment and understanding of such potential **Adverse Effects** which have been identified and after consultation with **Fox Lake**, consider reasonable design modifications which could eliminate or alleviate any identified **Adverse Effects**;

(e) after consultation with **Fox Lake**, identify, design and cost mitigatory and remedial works which are reasonable, to alleviate anticipated **Adverse Effects** which cannot be eliminated by design modifications;

(f) consult with **Fox Lake** to determine which option for **Future Development**, if any, is preferred by **Fox Lake**; and

(g) in accordance with section 8.3.3, and in consultation with **Fox Lake**, endeavour to develop, negotiate and finalize an agreement to compensate **Fox Lake** for residual unmitigated **Adverse Effects** of **Future Development** which are known and foreseeable.

8.3.3 Fox Lake Interests. In order to reach the agreement contemplated in paragraph 8.3.2(g), **Fox Lake** and **Hydro** will work together to fully assess the cost and methods of compensating **Fox Lake** and **Fox Lake Citizens** for residual unmitigated **Adverse Effects** of **Future Development**. In relation to such matters, **Fox Lake** will:

(a) participate in compiling and providing data and information about potential **Adverse Effects** within the knowledge of **Fox Lake** and **Fox Lake Citizens**;

(b) participate in community surveys regarding potential **Adverse Effects**;

(c) participate in the design, implementation and analysis of alternative compensation approaches for resolving issues of concern to **Fox Lake** and **Fox Lake Citizens**; and

(d) conduct polls or referenda of **Fox Lake Citizens** with respect to an **Adverse Effects** agreement.

8.3.4 Costs of **Fox Lake**. Where **Hydro** and **Fox Lake** agree that a **Future Development** is likely to cause **Adverse Effects** on **Fox Lake**, **Hydro** will reimburse the pre-approved reasonable costs of **Fox Lake** which are incurred by **Fox Lake** to participate in the processes described in subsection 8.3.2, as required to develop, negotiate and finalize the **Adverse Effects** agreement referred to in paragraph 8.3.2(g).

8.3.5 Costs of **Fox Lake** to Investigate. Where **Hydro** advises **Fox Lake** that it does not anticipate that a **Future Development** is likely to cause an **Adverse Effect** and **Fox Lake** is uncertain, **Hydro** is prepared to provide funding to **Fox Lake** to cover pre-approved reasonable costs associated with **Fox Lake's** consideration of whether or not such a **Future Development** would have an **Adverse Effect** on **Fox Lake**.

8.4 OPPORTUNITIES ARISING FROM FUTURE DEVELOPMENT

8.4.1 Opportunities Arising From **Future Development**. **Fox Lake** and **Hydro** will, separate and apart from the **Adverse Effects** compensation process outlined in section 8.3, but in a reasonably timely manner, identify:

(a) any employment and training opportunities related to **Future Development** of which **Fox Lake Citizens** may take advantage; and

(b) any business opportunities related to **Future Development** of which **Fox Lake** and **Fox Lake Citizens** may take advantage.

8.5 CONVERTER STATION AND SWITCHYARD

8.5.1 Converter Station and Switchyard. At a reasonable time after **Hydro** decides to begin major planning and environmental assessment activities in support of regulatory applications for environmental licences and approvals for the development of:

(a) a major converter station or a switchyard associated with a major converter station, or

(b) a major expansion of a development described in paragraph (a)

in the **Traditional Territory, Hydro** will provide written notice to **Fox Lake** of its intention to commence, as early as practical, the processes and activities outlined in paragraph 8.5.2.

8.5.2 Consultation Process. **Hydro** will undertake the following actions in the planning process in relation to a development described in subsection 8.5.1:

(a) provide **Fox Lake** with information on the size and nature of the development, including criteria for locating alternative sites;

(b) in consultation with **Fox Lake**, identify any issues of particular concern or importance to **Fox Lake** and **Fox Lake Citizens** related to the development;

(c) in consultation with **Fox Lake**, identify and review the potential site alternatives and related maps and evaluate the comparative positive and negative impacts on **Fox Lake Citizens** which could potentially result from such alternatives;

(d) in consultation with **Fox Lake**, identify and evaluate potential mitigation measures, that are reasonably practicable:

    (i) to prevent or avoid works or measures associated with the development which will cause negative impacts,

(ii) to lessen or reduce unavoidable negative impacts,

(iii) to provide appropriate replacements, substitutions or opportunities to offset any negative impact that can not be avoided;

(e) in consultation with **Fox Lake**, review **Hydro's** employment, training and business policies related to the development and identify the associated opportunities of which **Fox Lake Citizens** may take advantage;

(f) in consultation with **Fox Lake**, review the site specific mitigation measures **Hydro** will apply during the construction, operation and maintenance of a development described in subsection 8.5.1;

(g) in consultation with **Fox Lake**, identify and describe negative impacts which are known and foreseeable and which cannot be addressed by mitigation measures; and

(h) negotiate and endeavour to finalize an agreement, separate and apart from the **Adverse Effects** compensation process outlined in section 8.3, to compensate **Fox Lake** for any negative impacts identified in accordance with paragraph 8.5.2(g).

8.5.3 Evolution of Consultation Process. In the future, as planning and consultation practices evolve, **Hydro** and **Fox Lake** will consult about any proposed changes that they both believe could improve the consultation process outlined in paragraph 8.5.2.

8.5.4 Costs of **Fox Lake**. **Hydro** will reimburse **Fox Lake's** reasonable consultation costs associated with **Fox Lake's** cooperative participation in the processes outlined in paragraphs 8.5.2(a) to (g) that have been approved in advance by **Hydro**. Additionally, **Hydro** will reimburse **Fox Lake's** reasonable negotiating costs, that have been approved in advance by **Hydro**, for **Fox Lake's** participation in the process outlined in paragraph 8.5.2(h) provided there is a reasonable likelihood that a compensation agreement can be reached.

8.5.5 Discussion with Others. Without implying acceptance or validation by **Fox Lake** of concerns of others relating to a development as described in subsection 8.5.1 within the **Traditional Territory**, section 8.5 does not preclude **Hydro** from discussion with others about such developments.

8.6 DECOMMISSIONING

8.6.1 Decommissioning. **Hydro** and **Fox Lake** agree that, if **Hydro** decides to initiate preparatory or other work related to decommissioning of any aspect of the **Project**, which work has a reasonable likelihood of having a material and continuing physical, chemical or biological impact upon a water body within the **Traditional Territory**, **Hydro** and **Fox Lake** will enter into a process to address any **Adverse Effects** of decommissioning on **Fox Lake**, using the processes described in section 8.3 with whatever changes are reasonable and relevant in the circumstances.

ARTICLE 9 - MATTERS ADDRESSED

9.1 INTRODUCTION

9.1.1 Introduction. Article 9 provides for confirmation by **Fox Lake** of the settlement and satisfaction of all obligations and liabilities of **Manitoba** and **Hydro** arising out of the **Project**.

9.2 MATTERS ADDRESSED

9.2.1 Matters Resolved. The signing of this **Agreement,** the payment of the amounts paid or payable under section 2.2, and the other actions taken under this **Agreement** by **Manitoba** and **Hydro** will, subject to subsection 9.2.3, constitute a full and final settlement and satisfaction of any and all obligations and liabilities of **Manitoba** and **Hydro** related to:

(a) all existing responsibilities and obligations of **Manitoba** and **Hydro** to **Fox Lake** arising out of the **Project**;

(b) all past, present and future loss or damage suffered by **Fox Lake** and **Fox Lake Citizens**, attributable to **Adverse Effects** of the **Project**;

(c) any and all actions, causes of action, suits, claims or grievances of any nature or kind whatsoever, at law or in equity, which **Fox Lake**, or **Fox Lake** on behalf of any **Fox Lake Citizen**, their respective successors, assigns, heirs, executors or administrators, have had, now have or hereafter can, shall or may have, for, or by reason of, any cause, matter or thing whatsoever to the extent attributable to the **Project** including, without limitation, actions, claims, demands, losses or damages in relation to:

   (i) the creation of the LGD of Gillam,

   (ii) the redevelopment and expansion of Gillam, and

   (iii) all construction and operational activity associated with the **Project**;

(d) any interference with the exercise of any existing aboriginal or treaty right recognized and affirmed by the *Constitution Act, 1982* resulting from the **Project** (recognizing that nothing in this paragraph shall be construed so as to diminish, abrogate or derogate from, or to have diminished, abrogated or derogated from, the aboriginal rights, treaty rights or constitutional rights of **Fox Lake** or **Fox Lake Citizens**).

9.2.2 Matters Addressed. Through the **Citizens' Claims** process outlined in Article 7 and the indemnities provided for under section 9.3, this **Agreement** also provides a mechanism to address the **Adverse Effects** of the **Project** on **Fox Lake Citizens**.

9.2.3 Matters Not Resolved. Subsections 9.2.1 and 9.2.2 do not apply to:

(a) human disabilities, illness or death resulting from the ingestion of methyl mercury caused by or attributable to the **Project**;

(b) the personal injury or death of an individual caused by or attributable to the **Project**;

(c) any loss or damage, or any interference with the exercise of any aboriginal or treaty rights, resulting from **Adverse Effects** of the **Project** which were unknown and/or unanticipated and were not discernible with the ordinary exercise of due diligence by **Fox Lake** at the **Date of this Agreement**;

(d) any claims for loss or damage to **Personal Property** which is suffered by **Fox Lake** or **Fox Lake Citizens:**

  (i) outside of the **Traditional Territory,** or

  (ii) on the Nelson River downstream of the Limestone Generating Station after the **Date of this Agreement**;

(e) **Adverse Effects** to the extent, and only to the extent, such **Adverse Effects** are attributable to **Daily Average Water Levels** occurring after the **Date of this Agreement** outside of both the **Fully Compensated Zone** and the **Pre-determined Compensation Zone,** except where such **Adverse Effect** is attributable to a **Draw-down Event** compensated for under this **Agreement**;

(f) **Adverse Effects** if:

  (i) the **Pre-determined Compensation** or **Draw-down Event Compensation** provisions of section 3.7 are terminated pursuant to section 3.10, to the extent, and only to the extent, such **Adverse Effects** are attributable to **Daily Average Water Levels** falling outside of the **Fully Compensated Zone** after the date of such termination, or

(ii) a **Pre-determined Compensation** or **Draw-down Event Compensation** payment is returned to **Hydro** pursuant to subsection 3.7.7, to the extent, and only to the extent, such **Adverse Effects** are attributable to **Daily Average Water Levels** falling outside of the **Fully Compensated Zone** during the period which would have been compensated by the payment of **Predetermined Compensation** or **Draw-down Event Compensation** if such amount had not been returned to **Hydro**;

(g) claims, based on unlawful actions, if any, of **Manitoba** or **Hydro** with respect to the exercise of their powers and authority in matters affecting the establishment of a reserve in and around Gillam; and

(h) liabilities and obligations arising out of breaches of this **Agreement**.

9.2.4 Agreement Not to Make Claims. **Fox Lake** covenants and agrees that, except as may be required in order to enforce any covenants and agreements of **Manitoba** or **Hydro** contained in this **Agreement** or any other agreement entered into pursuant hereto, it will not, with respect to the matters addressed pursuant to subsections 9.2.1 and 9.2.2, subject to the exclusions in subsection 9.2.3:

(a) commence or prosecute any action, claim, demand or proceeding on its own behalf or on behalf of any other person or entity against **Manitoba** or **Hydro**; or

(b) seek any further redress against **Manitoba** or **Hydro**.

9.2.5 No Warranty for Effectiveness of Mitigation Measures. **Hydro** and **Fox Lake** jointly identified the mitigation measures outlined in section 4.2. **Hydro** is not responsible for, and makes no warranty or representation in relation to:

(a) the design, construction or effectiveness of any mitigation measure; and

(b) whether the mitigation measures are suitable to meet the purposes intended by **Fox Lake Citizens**.

9.3 INDEMNITIES

9.3.1 Indemnity re: Payments to **Fox Lake** or **Canada**. Subject to subsection 9.3.6, **Fox Lake** covenants and agrees to indemnify and save harmless **Manitoba** and **Hydro** with respect to:

(a) any amount ordered by a court of competent jurisdiction to be paid by **Manitoba** or **Hydro** to **Fox Lake** with respect to the matters addressed pursuant to subsections 9.2.1 and 9.2.2, subject to the exclusions in subsection 9.2.3;

(b) any amount ordered by a court of competent jurisdiction to be paid by **Manitoba** or **Hydro** to **Canada**, arising directly or indirectly out of an action brought by **Fox Lake** against **Canada** with respect to the matters addressed pursuant to subsections 9.2.1 and 9.2.2, subject to the exclusions in subsection 9.2.3; and

(c) any amount ordered by a court of competent jurisdiction to be paid by **Manitoba** or **Hydro** to **Fox Lake** or **Fox Lake Citizens** arising out of any claim relating to the use of the settlement proceeds by **Fox Lake** or the **Fox Lake Trustees**, and/or the sufficiency or the effectiveness of any measure undertaken by **Fox Lake** in relation to this **Agreement**.

9.3.2 Indemnity in favour of **Manitoba** re: Payments to **Fox Lake Citizens**. Subject to subsections 9.3.3 and 9.3.6, **Fox Lake** covenants and agrees to indemnify and save harmless **Manitoba** with respect to any amount that may be ordered by a court of competent jurisdiction to be paid by **Manitoba**, or any settlement amount paid by **Manitoba** with the consent of **Fox Lake**, to any **Fox Lake Citizen** with respect to **Adverse Effects** of the **Project**.

9.3.3 Limitation on Amount and Timing of Payment of 9.3.2 Indemnity. Where **Fox Lake** is liable to indemnify and save harmless **Manitoba** under the indemnity provided in subsection 9.3.2 (the "9.3.2 Indemnity"):

(a) **Fox Lake** shall immediately pay to **Manitoba** out of either or both of the Manitoba Community Development **Sub-Account** or the Housing Community Development **Sub-Account**, in the proportions determined by the **Trustees**, the amount that it is liable to pay under the 9.3.2 Indemnity or, if there are not sufficient funds in these **Sub-Accounts** to pay such obligation in full, the amount that is then in these **Sub-Accounts**;

(b) where there are insufficient funds in the **Trust** for **Fox Lake** to pay its obligations under the 9.3.2 Indemnity, in full, and further payments remain to be made by **Manitoba** under subsection 2.2.5, **Manitoba** may withhold from such further payments under subsection 2.2.5 the amount remaining to be paid by **Fox Lake** under the 9.3.2 Indemnity;

(c) notwithstanding that payment to **Manitoba** under the 9.3.2 Indemnity may be delayed, to the extent such delay is attributable to the arrangements for payment set forth in subsection 9.3.3, **Manitoba** shall not be entitled to any interest on the outstanding balance owing under the 9.3.2 Indemnity;

(d) **Manitoba** shall have no recourse to pursue payment from **Fox Lake** under the 9.3.2 Indemnity beyond the amounts that **Manitoba** is entitled:

(i) to be paid by **Fox Lake** from funds in the **Trust** as provided in paragraph 9.3.3(a), or

(ii) to deduct from the amounts **Manitoba** would otherwise be obligated to pay under subsection 2.2.5 as provided in paragraph 9.3.3(b); and

(e) in no event shall the amount payable under the 9.3.2 Indemnity exceed in the aggregate the amount of the **Financial Proceeds** paid by **Manitoba** pursuant to subsection 2.2.5.

9.3.4 Indemnity in favour of **Hydro** re: Payments to **Fox Lake Citizens**. Subject to subsection 9.3.5 and 9.3.6, **Fox Lake** covenants and agrees to indemnify and save harmless **Hydro** with respect to any amount that may be ordered by a court of competent jurisdiction to be paid by **Hydro**, or any settlement amount paid by **Hydro** with the consent of **Fox Lake**, to any **Fox Lake Citizen** with respect to **Adverse Effects** of the **Project**.

9.3.5 Limitation on Amount and Timing of Payment of 9.3.4 Indemnity. Where **Fox Lake** is liable to indemnify and save harmless **Hydro** under the indemnity provided in subsection 9.3.4 (the "9.3.4 Indemnity"):

(a) **Fox Lake** shall immediately pay to **Hydro** out of the **Claims Account** and, if necessary, out of either or both of the Hydro Community Development **Sub-Account** or the Heritage Capital **Sub-Account**, in the proportions determined by the **Trustees**, the amount that it is liable to pay under the 9.3.4 Indemnity or, if there are not sufficient funds in these **Accounts** or **Sub-Accounts** to pay such obligation in full, the amount that is then in these **Accounts** or **Sub-Accounts**;

(b) where there are insufficient funds in the **Trust** for **Fox Lake** to pay its obligations under the 9.3.4 Indemnity, in full, and further payments remain to be made by **Hydro** under subsection 2.2.2, **Hydro** may withhold from such further payments under subsection 2.2.2 the amount remaining to be paid by **Fox Lake** under the 9.3.4 Indemnity;

(c) notwithstanding that payment to **Hydro** under the 9.3.4 Indemnity may be delayed, to the extent such delay is attributable to the arrangements for payment set forth in subsection 9.3.5, **Hydro** shall not be entitled to any interest on the outstanding balance owing under the 9.3.4 Indemnity;

(d) **Hydro** shall have no recourse to pursue payment from **Fox Lake** under the 9.3.4 Indemnity beyond the amounts that **Hydro** is entitled:

(i) to be paid by **Fox Lake** from funds in the **Trust** as provided in paragraph 9.3.5(a), or

(ii) to deduct from the amounts **Hydro** would otherwise be obligated to pay under subsection 2.2.2 as provided in paragraph 9.3.5(b); and

(e) in no event shall the amount payable under the 9.3.4 Indemnity exceed in the aggregate the amount of the **Financial Proceeds** paid by **Hydro** pursuant to subsections 2.2.1 and 2.2.2.

9.3.6 Limitations on Indemnities. The **Parties** acknowledge that:

(a) the indemnities contained in section 9.3 do not extend to indemnifying the costs of **Manitoba** or **Hydro** in defending any claims;

(b) the obligations of **Fox Lake** in connection with the indemnities referred to in section 9.3 are conditional upon **Manitoba** or **Hydro**, as the case may be:

(i) forthwith, upon becoming aware of such claim, giving notice to **Fox Lake,**

(ii) consenting to any application by **Fox Lake** to be named as a party to the claim, and

(iii) first having received from **Fox Lake** its consent to the terms of any settlement, whether or not submitted to a court of competent jurisdiction to be made an order of that Court; and

(c) where an order of a court of competent jurisdiction referenced in section 9.3 is under appeal, there will be no obligation on **Fox Lake** to indemnify until the appeal is withdrawn, settled or decided.

9.4 INDEPENDENT ADVICE.

9.4.1 Acknowledgement re: Independent Advice. **Fox Lake** warrants that, throughout the negotiations leading to this **Agreement**:

(a) it has been independently advised by negotiators, legal counsel, technical advisors and consultants of its choice with respect to all matters arising in connection with or dealt with in this **Agreement**;

(b) this **Agreement** has been jointly drafted, considered and revised by representatives of all **Parties**, and duly authorized **Fox Lake** representatives have participated fully in the preparation of this **Agreement**; and

(c) it has caused all aspects of this **Agreement** and the significance thereof, to be explained at one or more meetings of **Fox Lake**, which were open to all **Fox Lake Citizens** as required under section 10.2.

9.4.2 Certificate of Independent Advice. **Fox Lake** will produce, on closing, Certificates of Independent Advice from Doreen Redhead, Pitblado, Fillmore Riley and Robert Wavey in the form attached as Schedule 9.1, with appropriate modifications where necessary.

9.5 CANADA

9.5.1 No Release of **Canada**. The **Parties** acknowledge, although such acknowledgement will not constitute an indemnity on the part of **Manitoba** or **Hydro** in favour of **Fox Lake**, that none of the provisions of this **Agreement** are intended to have the effect of or are intended to constitute a remission, release, acquisition or discharge of **Canada**, or in any way prejudice or affect any action, proceeding, remedy, claim or demand which **Fox Lake** or **Fox Lake Citizens**, or any of them, may have against **Canada** in respect of its obligations and liabilities related to the **Project**, and any obligations or liabilities of **Canada** for **Adverse Effects** of the **Project**.

SCHEDULE 9.1 - Certificate of Independent Advice

I, ____________________, of __________________, hereby certify that, throughout the negotiations leading to the Agreement of the _ day of __________, 2003, between the Fox Lake First Nation, Her Majesty the Queen in Right of the Province of Manitoba, and The Manitoba Hydro-Electric Board:

(a) the Fox Lake First Nation has been independently advised by ________________ as legal counsel (or ________________ as negotiator, technical advisor or consultant), with respect to all matters arising in connection with or dealt with in that Agreement which have been brought to my notice and attention or which I was reasonably able to contemplate;

(b) the Agreement has been drafted, considered and revised with my participation; and

(c) I have been present at community meetings of the Fox Lake First Nation to consider the provisions of the Agreement, which I believe to have been open to all Members of the First Nation.

CERTIFIED this ____ day of ______________,2003.

____

ARTICLE 10 - APPROVAL, SIGNING AND IMPLEMENTATION

10.1 INTRODUCTION

10.1.1 Introduction. Article 10 provides for the process of approving and signing this **Agreement**.

10.2 APPROVAL PROCESS

10.2.1 Approval of **Agreement**. Prior to the signing of this **Agreement**, the **Agreement** will have been considered for review and approval by each of the **Parties** as follows:

(a) by the **Fox Lake Citizens** on behalf of **Fox Lake**, in accordance with subsections 10.2.2 to 10.2.16 inclusive;

(b) by The Manitoba Hydro-Electric Board, on behalf of **Hydro**, following which it will pass a resolution authorizing its appropriate officers to sign this **Agreement** on behalf of **Hydro**; and

(c) by the Lieutenant Governor-in-Council, on behalf of **Manitoba**, following which it will authorize the Minister of Aboriginal and Northern Affairs to sign this **Agreement** on behalf of **Manitoba**.

10.2.2 Public Meetings. Following the completion of the negotiation of this **Agreement**, **Chief and Council** will, in accordance with subsection 10.2.3, convene public meetings at which its consultants and legal advisors will explain the nature and significance of this **Agreement**.

10.2.3 Location of Public Meetings. At least twenty-one (21) days before the **Vote**, at least one public meeting will be held in each of the following locations:

(a) Bird;

(b) Churchill;

(c) Gillam;

(d) Thompson; and

(e) Winnipeg.

10.2.4 Content of Written Notice. **Fox Lake** will give written notice of the **Vote** and of the public meetings referred to in subsection 10.2.2, which written notice will include:

(a) the times, dates and places of any upcoming public meeting referred to in subsection 10.2.3;

(b) the time, date and polling places for the **Vote**; and

(c) information as to where copies of this **Agreement** can be reviewed or obtained.

10.2.5 Notice. At least two (2) weeks prior to the first public meeting held pursuant to subsection 10.2.3, the notices referred to in subsection 10.2.4 will be:

(a) posted in not less than three (3) prominent, public locations in each of Gillam and Bird, including the Band Council offices;

(b) published on one (1) occasion in:

 (i) the Winnipeg Free Press, and

 (ii) the Winnipeg Sun; and

(c) mailed to each **Fox Lake Citizen** for whom **Fox Lake** has a mailing address.

10.2.6 Radio Announcement. A radio announcement will be broadcast on at least two (2) occasions on Native Communications Inc., advising listeners of the general purpose of the **Agreement** and of the date on which the **Vote** will be held.

10.2.7 Copy of Notices. **Fox Lake** will provide both **Manitoba** and **Hydro** with a copy or transcript of all notices and announcements referred to in subsection 10.2.5 and 10.2.6.

10.2.8 **Voters List**. **Fox Lake** will provide to the **Process Officer** the names and addresses of all **Adult Fox Lake Citizens** from which the **Process Officer** shall prepare the **Voters List**.

10.2.9 Mail-In Ballots. At least forty-two (42) days prior to the **Vote**, the **Process Officer** will mail or deliver, with a request for confirmation of receipt, the following material to every person on the **Voters List** who does not reside in any of the locations listed in subsection 10.2.11 for whom **Fox Lake** has provided an address:

(a) the times, dates and places of any upcoming public meeting referred to in subsection 10.2.3;

(b) the time, date and polling places for the **Vote**;

(c) information as to where copies of the **Agreement** can be reviewed or obtained, including instructions from the **Process Officer** on how to access a copy of the **Agreement** via the Internet;

(d) a letter from the **Chief and Council** providing any information relating to the **Agreement** that the **Chief and Council** determines is appropriate, with a view to ensuring that **Adult Fox Lake Citizens** receiving mail-in ballot packages are fully informed;

(e) a letter of instruction from the **Process Officer** explaining the procedure for voting by mail-in ballot, and advising the recipient that mail-in ballots must be received by the time the polls close on the day of the **Vote** in order to be counted;

(f) a mail-in ballot, initialled on the back by the **Process Officer**;

(g) an inner envelope marked "Ballot" for insertion of the completed ballot; and

(h) an outer postage-paid return envelope pre-addressed to the **Process Officer** which is marked with the name of the **Adult Fox Lake Citizen** to whom the package was sent as the name appears on the **Voters List**.

10.2.10 Provision of Material upon Request. At the request of an **Adult Fox Lake Citizen** who resides in a location listed in subsection 10.2.11, the **Process Officer** will provide that **Adult Fox Lake Citizen** with the material referred to in subsection 10.2.9.

10.2.11 **Vote**. The **Vote** will take place on a date determined by **Chief and Council**, and polling stations will be set up in the following locations:

(a) Bird;

(b) Churchill;

(c) Gillam;

(d) Thompson; and

(e) Winnipeg.

10.2.12 Ballot Question. The ballot question for the **Vote** is set out in Schedule 10.1 and will be the same on both the mail-in ballot and the in-person ballot.

10.2.13 In-Person Voting. Despite an **Adult Fox Lake Citizen** having been provided with a mail-in ballot package pursuant to subsection 10.2.9 or 10.2.10, the **Adult Fox Lake Citizen** may choose to vote in person on the day of the **Vote**, rather than by mail-in ballot.

10.2.14 **Process Officer** to Cross-Reference. Immediately following the **Vote**, the **Process Officer** will compare the name on the outside of the outer envelope of each mail-in ballot received, with the names appearing on the **Voters List**. Where the **Voters List** indicates that an individual whose name appears on the outside of a mail-in ballot has voted in person, the mail-in ballot will be considered void and will not be counted as a vote cast. All other mail-in ballots will be counted as a vote cast.

10.2.15 Receipt of Mail-in Ballots. Mail-in ballots that are not received by the **Process Officer** before the time at which the polls close on the date of the **Vote** are void and will not be counted as a vote cast.

10.2.16 Approval. This **Agreement** will be approved by **Fox Lake** if:

(a) a quorum of at least two hundred (200) eligible votes are cast either by mail-in ballot or in person; and

(b) a majority of the votes cast answer “YES” to the ballot question in Schedule 10.1.

10.2.17 Statement of Results. As soon as practicable after the results of the **Vote** are known, the **Process Officer** will provide **Manitoba** and **Hydro** with a statement of results indicating the total number of ballots cast, the number of voters who voted “YES”, the number of voters who voted “NO” and the number of spoiled ballots.

10.2.18 Quorum not Met. Where the quorum referred to in paragraph 10.2.16 is not met, **Chief and Council** may call a further vote in respect of the ballot question and the provisions of section 10.2 may apply with necessary modifications.

10.2.19 Approval at Second Vote. If a further vote is held, as contemplated in subsection 10.2.18, this **Agreement** will be approved by **Fox Lake** if a majority of the **Adult Fox Lake Citizens** voting in such further vote, vote "YES" to the ballot question.

10.2.20 Council Resolution. Forthwith upon approval of this **Agreement** in accordance with Section 10.2, **Chief and Council** will by **Council Resolution** confirm the results of the **Vote** and authorize the **Chief and Council** to sign the **Agreement** on behalf of **Fox Lake**.

10.3 SIGNING

10.3.1 Signing of **Agreement**. Forthwith upon approval of this **Agreement** in accordance with section 10.2:

(a) **Chief and Council** will sign this **Agreement** on behalf of **Fox Lake**;

(b) the appropriate officers will sign this **Agreement** on behalf of **Hydro**; and

(c) the Minister of Aboriginal and Northern Affairs will sign this **Agreement** on behalf of **Manitoba**.

10.3.2 **Agreement** of No Force and Effect. This **Agreement** will be without force and effect and without prejudice to any of the **Parties**, unless and until it has been duly approved and signed by all of the **Parties** in accordance with Article 10.

10.4 IMPLEMENTATION

10.4.1 Annual Meeting. The **Parties** will convene a meeting on an annual basis to review the status of implementation of this **Agreement**, water regime conditions, environmental monitoring and other matters.

10.4.2 Additional Meetings. Any **Party** may, at any time, request an additional meeting of all or some of the **Parties** for purposes relating to this **Agreement** by providing not less than thirty (30) days written notice setting forth the purpose, date, time and place in Winnipeg, or any other agreed place in Manitoba, for such meeting.

10.4.3 Costs. Each of the **Parties** will be responsible for covering their own costs of attending and participating in the meetings contemplated in subsections 10.4.1 and 10.4.2.

SCHEDULE 10.1 - Ballot Question

A Settlement Agreement has been negotiated among the Fox Lake First Nation, the Government of Manitoba and Manitoba Hydro relating to and arising out of the works and operations of the Hydro Project as defined in the agreement.

Do you approve the proposed Settlement Agreement?

YES ☐

NO ☐

SAMPLE ONLY

ARTICLE 11 - GENERAL PROVISIONS

11.1 INTRODUCTION

11.1.1 Introduction. Article 11 contains provisions of a general nature relating to this **Agreement**.

11.2 INTERPRETATION

11.2.1 Headings. All headings, and the introductory provision of each Article are for reference and information purposes only, and will not affect in any way the meaning or interpretation of this **Agreement**.

11.2.2 Numbers, Plural. Words importing the singular number only will include the plural, and vice versa, as the context may require; and words importing persons will include firms, governments and corporations, and vice versa, as the context may require.

11.2.3 Metric Measure. Except where the original document, data or measuring device was in Imperial, and subject to any legislative requirement, in the event of a conflict between metric and Imperial measure, metric measure will prevail. The **Parties** agree that the metric conversion rate to be used for purposes of this **Agreement** will be 1 foot equals 0.3048 meters, 1 meter equals 3.28084 feet.

11.2.4 No Presumptions. The **Parties** have endeavoured to ensure that the terms of this **Agreement** are as clear as possible and, except as otherwise provided there will be no presumption or rule of interpretation in favour of or against any **Party**.

11.3 VALIDITY OF PROVISIONS

11.3.1 Powers and Prerogatives. Nothing in this **Agreement** will be interpreted to bind or infringe upon the powers and prerogatives of the Legislative Assembly of Manitoba or any legislative powers of the **Chief and Council**.

11.3.2 Statutory Requirements. Except as provided herein, nothing in this **Agreement:**

(a) requires any **Party** to take any actions not otherwise provided for in this **Agreement**, or required by statute or regulation;

(b) exempts any **Party** from any requirement arising under statute or regulation; or

(c) will be deemed or interpreted to modify any requirement arising under statute or regulation.

11.3.3 Aboriginal and Treaty Rights. Nothing in this **Agreement**, including Article 9, shall be construed so as to diminish, abrogate, infringe or derogate from:

(a) the existing aboriginal rights or treaty rights of **Fox Lake** or **Fox Lake Citizens**, as recognized and affirmed by section 35 of the *Constitution Act, 1982*, including any rights of aboriginal title that are so recognized and affirmed; and

(b) the rights and protections of **Fox Lake** and **Fox Lake Citizens** recognized, affirmed or provided for by the Constitution of Canada.

11.4 PARTIES

11.4.1 Binding on **Parties**. This **Agreement** will be binding upon and enure to the benefit of the **Parties** and their respective successors and permitted assigns. Nothing in this **Agreement** is intended to confer upon any person not a **Party** to this **Agreement** any rights or remedies under or by reason of this **Agreement**.

11.5 NOTICE

11.5.1 Notices. All notices and other communications provided for in this **Agreement** will be in writing, and shall be given or served to the applicable addresses set out in subsection 11.5.2 or to addresses a **Party** may from time to time designate to the other **Parties**. Any such communication will be deemed to have been validly and effectively given on the date of such delivery, if such date is a business day and such delivery has been made during the normal business hours of the recipient; otherwise, it will be deemed to have been validly and effectively given on the business day next following such date of delivery. Except where personal service is used, the notice or communication will be deemed to have been received on the date such delivery is confirmed by the receiving party. Any notice, delivery, communication or provision of documents to **Fox Lake** provided for in this **Agreement** will be performed by notice, delivery, communication or provision of documents to the **Chief and Council**.

11.5.2 Addresses. The addresses for the **Parties** are:

To **Fox Lake**:

Chief and Council of Fox Lake
Box 369
Gillam, MB
R0B 0L0

To **Hydro**:

Manitoba Hydro
General Counsel
3rd Floor, 820 Taylor Ave.
Winnipeg MB R3C 2P4

To **Manitoba**:

Deputy Minister of Aboriginal & Northern Affairs
Legislative Bldg.
Winnipeg MB R3C 0V8

11.6 ENTIRE AGREEMENT

11.6.1 Agreement Supersedes. This **Agreement** supersedes all prior understandings, negotiations and discussions, whether oral or written, among the **Parties**, in relation to matters dealt with in this **Agreement**. There are no representations, warranties or conditions to this **Agreement** except as expressly stated in this **Agreement**.

11.6.2 No Merger. Except for the **Agreement in Principle**, and as otherwise expressly provided for in this **Agreement** or in any other agreement between the **Parties**, no provisions of any other agreement will merge with this **Agreement**.

11.6.3 Assignment. Except as provided for in subsection 11.8.4, neither this **Agreement** nor any portion or provision of this **Agreement**, may be assigned without prior written permission of all of the **Parties**.

11.6.4 Further Action. Each of the **Parties** to this **Agreement** will, from time to time, and without further consideration, execute and deliver such other instruments of transfer, conveyance and assignment, and take such further action as required, to complete more effectively any matter provided for in this **Agreement**.

11.7 GOVERNING LAW

11.7.1 Laws in Manitoba. This **Agreement** will be governed by, and construed in accordance with, the federal and provincial laws from time to time in force in the Province of Manitoba.

11.7.2 Licences. Except as expressly provided in this Agreement, nothing in this **Agreement** is intended to detract from, or relieve any **Party** from, obligations incurred pursuant to any legislation, approvals, licences or authorities under which such **Party** operates.

11.8 GENERAL

11.8.1 No Precedent. Neither this **Agreement** nor any provision of this **Agreement**, will constitute a precedent for interpreting the rights and obligations of, or for identifying the intention of any **Party** in relation to any matter involving any person who is not:

(a) a **Party** to this **Agreement**;

(b) an agent of the **Chief and Council**; or

(c) a person claiming through, under or by **Fox Lake**.

11.8.2 No Admission. Nothing in this **Agreement** will constitute an admission of liability on the part of any **Party**.

11.8.3 Amendment. Subject to subsections 3.10.2 and6.10.8, this **Agreement** may only be amended in whole or in part by written agreement among the **Parties**.

11.8.4 Assumption of Liability. If **Hydro** ceases:

(a) to be an agent of **Manitoba**;

(b) to have legal authority and control over the operation of the **Project**; or

(c) to have legal authority and control over the operation of any major work or structure constituting part of the **Project**, the operation of which could affect inundation or storage of water for purposes of the **Project** in the **Traditional Territory**;

then **Manitoba** will:

(d) where paragraph 11.8.4(a) or paragraph 11.8.4(b) applies, assume all of the rights and obligations of **Hydro** under this **Agreement**; or

(e) where paragraph 11.8.4(c) applies, assume the rights and obligations of **Hydro** under this **Agreement**, as such rights and obligations relate to the works or structures over which **Hydro** no longer has legal authority and control

in which case, the provisions of this **Agreement** will be read with the necessary changes to reflect the assumption of rights and obligations by **Manitoba** but such assumption will not relieve **Hydro**, or any successor of **Hydro**, of its obligations under this **Agreement**.

11.8.5 Notice. **Manitoba** will give immediate notice to the other **Parties** where an event specified under paragraph 11.8.4(a), (b) or (c) occurs.

11.8.6 No Merger of Covenants. The covenants under this **Agreement** will not merge with the transfer of lands to or for the benefit of **Fox Lake**.

IN WITNESS WHEREOF the Parties have executed this Agreement on the dates indicated below.

FOX LAKE FIRST NATION
Per:

Chief

Councillor

Councillor

On the 6 day of December, 2004.

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF MANITOBA
Per:

On the 6 day of December, 2004.

THE MANITOBA HYDRO-ELECTRIC BOARD
Per:

On the 6 day of December, 2004.

INDENTURE

THIS INDENTURE made this day of 200__, between:

THE FOX LAKE FIRST NATION as represented by **Chief and Council,** (hereinafter called "**Fox Lake**")

Of the First Part,

- and -

CHRISTINE MASSAN, **WALTER SPENCE**, **JOHN PETERS**, and **ALBIE NEEPIN** (whom have been appointed by **Chief and Council** hereinafter called the "**Trustees**"),

Of the Second Part,

- and -

HER MAJESTY THE QUEEN IN RIGHT OF MANITOBA, as represented by the Minister of Aboriginal and Northern Affairs, (hereinafter called "**Manitoba**")

Of the Third Part,

- and -

THE MANITOBA HYDRO-ELECTRIC BOARD, (hereinafter called "**Hydro**")

Of the Fourth Part,

WHEREAS:

A. **Fox Lake** will receive **Financial Proceeds** from **Hydro** and **Manitoba** in accordance with the **Agreement** entered into among **Fox Lake**, **Manitoba** and **Hydro** for the purposes of fully and finally resolving and concluding all outstanding issues related to the **Project**; and

B. Pursuant to the **Agreement**, **Fox Lake**, as a condition of receiving the **Financial Proceeds**, has agreed to settle a **Trust** on the terms, and for the purposes, set out in this **Indenture**;

Now Therefore the **Parties** agree as follows:

PART ONE: INTERPRETATION AND DEFINITIONS

ARTICLE 1 INTERPRETATION

1.1 Contents. This Indenture consists of Articles 1 through 22, and includes the following schedules which are attached to this Indenture:

Article 1	Interpretation
Article 2	Definitions
Article 3	Basic Provisions
Article 4	Chief and Council
Article 5	Appointment and Removal of Trustees
Article 6	Decisions and Duties of Trustees
Article 7	Trustees' Powers
Article 8	Budgetary Process
Article 9	Community Meetings
Article 10	Per Capita Payment
Article 11	Auditor
Article 12	Receipt and Allocation of Trust Funds
Article 13	Community Development Account
Article 14	Claims Account
Article 15	Investment of Trust Assets
Article 16	Payments from the Trust
Article 17	Administration of Funds Received from the Trust
Article 18	Trustees' Report
Article 19	Disputes
Article 20	Amendment and Dissolution
Article 21	Acknowledgement and Release
Article 22	General Provisions
Schedule 1	Undertaking and Acceptance of Chief or Councillor
Schedule 2	Undertaking and Acceptance of Trustees
Schedule 3	Resolution of Trustees – Certificate of Disclosure
Schedule 4	Acknowledgement of Receipt by Parent, Guardian or Legal Representative
Schedule 5	Agreement for Funding
Schedule 6	Statement of Investment Policy and Objectives

1.2 Guides to Interpretation. In this **Indenture**:

(a) any reference to a person shall include the successor to that person;

(b) singular words shall include the plural and vice versa;

(c) words referring to one (1) gender shall include both genders;

(d) the headings and the division of this **Indenture** into articles is for convenience of reference only, and shall not affect the construction or interpretation of this **Indenture**;

(e) this **Indenture** shall be read in conjunction with the **Agreement** of which this **Indenture** forms a part; and

(f) references to Articles or Schedules mean articles or schedules of this **Indenture** unless otherwise indicated.

ARTICLE 2 DEFINITIONS

2.1 Definitions. For all purposes of this **Indenture**, unless otherwise specifically provided, the following words and phrases, when capitalized and printed in bold type, whether in the plural, the singular, or the possessive, have the following meanings:

(a) **Account** means the **Per Capita Account**, the **Community Development Account** or the **Claims Account** established pursuant to Articles 10.8, 13 and 14 respectively;

(b) **Adult Fox Lake Citizen** means a **Fox Lake Citizen** who, at the relevant time, is eighteen (18) years of age or older;

(c) **Adverse Effects** means the direct or indirect negative consequences of the **Project** or of any **Future Development**, or the operation thereof by **Hydro**, which consequences include, without limitation:

  (i) impacts on or changes to the physical, chemical or biological characteristics of the environment;

  (ii) risks or injuries to the health, safety, well-being, comfort or enjoyment of life by **Fox Lake** or **Fox Lake Citizens;** and

  (iii) impacts on interests in, and the exercise of rights in relation to, lands, pursuits, activities, opportunities, lifestyles and assets of **Fox Lake** or **Fox Lake Citizens**;

(d) **Agreement** means the **Agreement** entered into between **Fox Lake**, **Hydro** and **Manitoba**, dated _________, of which this **Indenture** forms a part;

(e) **Alternate Claims Officer** means the alternate claims officer appointed pursuant to subsection 7.2.1 of the **Agreement**;

(f) **Auditor** means the auditor appointed under Article 11.1;

(g) **Capital Works** means any permanent structure or works erected, constructed, acquired or developed using **Financial Proceeds**;

(h) **Chief** means the Chief of **Fox Lake** in office at the relevant time;

(i) **Chief and Council** means the Council of **Fox Lake** in office at the relevant time;

(j) **Citizen's Claim** means a claim of a **Claimant** for loss or damage arising from **Adverse Effects** of the **Project**;

(k) **Claimant** means a **Fox Lake Citizen** who advances a **Citizen's Claim** under Article 7 of the **Agreement**;

(l) **Claims Account** means the **Account** established under Article 14;

(m) **Claims Officer** means the claims officer appointed pursuant to subsection 7.2.1 of the **Agreement**;

(n) **Community Development Account** means the **Account** established under Article 13;

(o) **Community Organization** means any of:

  (i) a group or unincorporated association whose membership is wholly comprised of **Fox Lake Citizens**,

  (ii) an unincorporated association established by **Chief and Council**,

  (iii) a corporation or cooperative, with share capital, wholly owned legally or beneficially, and controlled by **Fox Lake** or **Fox Lake Citizens**, or

(iv) a corporation or cooperative, without share capital, the membership of which consists wholly of **Fox Lake** or **Fox Lake Citizens**,

whether created before or after the execution of this **Indenture**;

(p) **Council Resolution** means a lawful resolution of **Chief and Council**;

(q) **Date of the Agreement** means the date the **Agreement** has been signed by the last **Party**;

(r) **Financial Proceeds** means the amounts paid, pursuant to section 2.2 of the **Agreement**, by **Hydro** and **Manitoba** to **Fox Lake**;

(s) **Fox Lake** means Fox Lake First Nation, a "band" within the meaning of the *Indian Act* (Canada), which for all purposes of the **Agreement** and this **Indenture** is represented by **Chief and Council**;

(t) **Fox Lake Citizen** means a person who is a member of **Fox Lake** pursuant to the *Indian Act* (Canada);

(u) **Funds Available** in a fiscal year of the **Trust** means:

(i) in the fiscal year 2004, the amount identified in Article 13.1, and

(ii) in any subsequent fiscal year:

A. the **Income** for the year, plus

B. the amount by which the **Net Value of the Assets** at the close of the prior fiscal year, excluding the **Claims Account**, the **Per Capita Account** and the amount of any outstanding loans made to **Fox Lake** or **Community Organizations** pursuant to Article 8.9, plus any **Financial Proceeds** received in the current fiscal year, exceeds the **Minimum Capital Amount**;

(v) **Future Development** means:

(i) any construction or development of any physical works related to hydro-electric development on the Churchill, Nelson, Rat and Burntwood River Systems, including the Lake Winnipeg Regulation System north of the 53rd parallel, that were not been physically developed and constructed by or on behalf of **Hydro** as of the **Date of the Agreement**, and thereafter any reconstruction or redevelopment of those physical works, including without limitation to the foregoing, in both cases any construction or development or reconstruction or redevelopment of such physical works, and

(ii) any major redevelopment or re-construction of the **Project**, including without limitation to the foregoing, any construction camp or town site established to support such reconstruction or redevelopment of the **Project**,

which physical works, or which construction, development, reconstruction or redevelopment, have a reasonable likelihood of having a material and continuing physical, chemical or biological impact upon a water body within the **Traditional Territory**;

(w) **Hydro** means The Manitoba Hydro-Electric Board;

(x) **Income** or **Income of the Trust** means income for a fiscal year as calculated in accordance with section 3 of the *Income Tax Act* (Canada) without reference to subsections 75(2) or 104(6) of the *Income Tax Act* (Canada), except that in making such calculation there shall be included 100% of any capital gains and there shall be excluded 100% of any capital losses and any gross up of any dividend;

(y) **Indenture** means this trust agreement;

(z) **Majority Vote** means a vote of **Adult Fox Lake Citizens**, at a **Meeting of Fox Lake Citizens**, where the majority of those **Adult Fox Lake Citizens** in attendance and voting approve the matter voted upon. The vote shall be by a show of hands, unless a secret ballot is requested by a minimum of twenty (20) of such **Adult Fox Lake Citizens** or required under this **Indenture**;

(aa) **Manitoba** means Her Majesty the Queen in Right of Manitoba;

(bb) **Meeting of Fox Lake Citizens** means a meeting of **Fox Lake Citizens**, notice of which is provided for and described in Articles 8.4 and 9;

(cc) **Minimum Capital Amount** at any time prior to April 1, 2019 shall be nil. The **Minimum Capital Amount** at any time after April 1, 2019 shall be nine million ($9,000,000.00) dollars less any amounts paid to **Manitoba** or **Hydro** pursuant to section 3.9 of the **Indenture** from sources other than the **Claims Account**;

(dd) **Multi-Year Program** means a proposal, plan or initiative, including a proposal, plan or initiative related to a **Capital Work**, for which specific expenditures from **Funds Available** are approved for more than one (1) but no more than three (3) fiscal years;

(ee) **Net Value of the Assets** means the amount at any specific date by which the value of all of the assets of the **Trust**, including the value of any **Financial Proceeds** held for the use and benefit of **Fox Lake**, exceeds all liabilities of the **Trust**. All assets will be valued at the lower of cost or fair market value;

(ff) **Operation and Maintenance** means works, administration, management and activities reasonably necessary for the ongoing operation, maintenance, repair and replacement of **Capital Works**;

(gg) **Parties** means **Manitoba**, **Fox Lake** and **Hydro**;

(hh) **Party** means any one of **Manitoba**, **Fox Lake** or **Hydro**;

(ii) **Per Capita Account** means the **Account** established pursuant to Article 10.8;

(jj) **Project** means all those physical works related to hydro-electric development on the Churchill, Nelson, Rat and Burntwood River Systems and the development of the Lake Winnipeg Regulation System north of the 53rd parallel, to the extent such works have been physically developed and constructed by or on behalf of **Hydro** to the **Date of the Agreement**; and, without limiting the generality of the foregoing, includes all dams, dikes, channels, control structures, excavations, generating stations, roads, transmission lines and other works forming part of, or related to, all aspects of such hydro-electric development including

- Lake Winnipeg Regulation,
- Churchill River Diversion, including without limitation, the Notigi and Missi control structures,
- Grand Rapids Generating Station,
- Laurie River Generating Station,
- Kelsey Generating Station,
- Kettle Generating Station,
- Long Spruce Generating Station,
- Limestone Generating Station, including the Sundance Site, as defined in the **Agreement,**

and the access road and other physical construction with respect to the

Conawapa Generating Station to the extent that such works have been physically developed and constructed by or on behalf of **Hydro** to the **Date of the Agreement**;

(kk) **Reserve** has the same meaning as in the *Indian Act* (Canada), but is restricted to those reserves set apart for the use and benefit of **Fox Lake**;

(ll) **Sub-Account** means the Manitoba Community Development Sub-Account, the Housing Community Development Sub-Account, the Hydro Community Development Sub-Account, or the Heritage Capital Sub-Account established under Article 13;

(mm) **Traditional Territory** means the areas traditionally used by **Fox Lake** as shown on the map attached as Schedule 1.1 to the **Agreement**;

(nn) **Trust** means the Nikanihk Itapowin (Future Vision) Trust established and settled by **Fox Lake** pursuant to this **Indenture**;

(oo) **Trust Funds** means all property of every nature and kind held in the **Trust** by the **Trustees**; and

(pp) **Trustees** means the individual **Fox Lake** Trustees signatory to this **Indenture** and their successors in office, selected in accordance with Article 5.

2.2 Additional Definition of "reserve". Where the term "reserve" is used in this **Indenture** and not capitalized and printed in bold type, it shall mean any reserve as defined in the *Indian Act* (Canada).

2.3 Legislation Speaks from Present. All references to Acts will include all regulations made in accordance with that Act and any amendment, re-enactment or replacement from time to time of that Act.

PART TWO: BASIC PROVISIONS

ARTICLE 3 BASIC PROVISIONS

3.1 Name. The **Trust** created by this **Indenture** shall be known as "Nikanihk Itapowin" (Future Vision) **Trust**.

3.2 Change of Name. The **Trustees** with the consent of **Chief and Council** as set out in a **Council Resolution**, and a **Majority Vote** at a **Meeting of Fox Lake Citizens**, may change the name of the **Trust** to any lawful name.

3.3 Purposes of the **Trust**. The purposes of the **Trust** shall be exclusively for the benefit of **Fox Lake**, **Fox Lake Citizens**, and **Community Organizations** by promoting:

(a) economic well-being;

(b) spiritual, cultural and social well-being;

(c) civic improvement; and

(d) recreation;

for **Fox Lake** and **Fox Lake Citizens**, and without limiting the generality of the foregoing to be accomplished:

(e) as more particularly set out in Articles 10, 13 and 14; and

(f) otherwise by providing support to **Community Organizations**.

3.4 Beneficiaries. Subject to the terms of this **Indenture,** the beneficiaries of the **Trust** are **Fox Lake**, **Fox Lake Citizens** and **Community Organizations**, and, to the extent of the indemnities provided under Article 9 of the **Agreement**, **Manitoba** and **Hydro**.

3.5 Non-divisibility. The **Trust Funds** are not divisible into individual shares or benefits, and no **Fox Lake Citizen** may claim an individual share of, or benefit from **Trust Funds** except as specifically authorized pursuant to this **Indenture** or the **Agreement**.

3.6 Fiscal Year. The fiscal year of the **Trust** shall end on December 31 unless otherwise determined by the **Trustees** and permitted by applicable law.

3.7 Residence. It is the intention of **Fox Lake** and the **Trustees** that, when practicable, the **Trust** shall be resident on a reserve and the **Trustees** shall take all reasonable steps to ensure, to the extent possible, when practicable, that the **Trust** shall always be so resident.

3.8 Taxes. The **Trustees** in conjunction with **Chief and Council** shall use their best efforts to use all practical, legal means and mechanisms, subject to the requirements of law and the best interests of the **Trust**, to ensure that any and all income taxes and other taxes, levies or duties under any statute of the federal or provincial governments are not exigible or payable, or if payable are minimized, as the case may be.

3.9 Indemnity Payments. Notwithstanding any other provision of this **Indenture** whenever in accordance with the provisions of subsection 9.3.1, 9.3.2 or subsection 9.3.4 of the **Agreement**, **Fox Lake** is required to make a payment to indemnify **Manitoba** or **Hydro**, the **Trustees** shall make such payment from the **Trust** for and on behalf of **Fox Lake** as follows:

(a) in the case of a payment to **Manitoba** such payments shall be taken out of either or both of the Manitoba Community Development **Sub-Account** or the Housing Community Development **Sub-Account**, in the proportions determined by the **Trustees**; and

(b) in the case of a payment to **Hydro**, such payment shall be taken firstly out of the **Claims Account** and, if necessary, out of either or both of the Hydro Community Development **Sub-Account** or the Heritage Capital **Sub-Account** in the proportions determined by the **Trustees.**

The **Parties** agree that their rights and obligations regarding the indemnities in favour of **Manitoba** and **Hydro** provided for in subsections 9.3.1, 9.3.2 and 9.3.4 of the **Agreement** shall be governed by subsections 9.3.1 to 9.3.6 inclusive of the **Agreement**.

PART THREE: ROLES AND RESPONSIBILITIES

ARTICLE 4 CHIEF AND COUNCIL

4.1 Duties of **Chief and Council**. **Chief and Council** shall:

(a) appoint successor **Trustees** as provided in Article 5;

(b) settle on the **Trustees** any **Financial Proceeds** paid to **Chief and Council** for settlement on the **Trustees** pursuant to the Agreement or Indenture; and

(c) perform any other duties given to **Chief and Council** by this **Indenture** or the **Agreement**.

4.2 **Chief and Council** Acceptance. Prior to **Chief and Council** carrying out any duty or exercising any right assigned to it under this **Indenture** a quorum of **Chief and Council** shall execute the Undertaking and Acceptance of **Chief** or Councillor in the form of Schedule 1 and deposit same with the **Trustees**.

4.3 Consequences of Failure to sign Acceptance. A member of **Chief and Council** who fails to execute the Undertaking and Acceptance of **Chief** or Councillor in the form of Schedule 1 shall not participate in decisions of **Chief and Council** respecting this **Indenture** or the use of any **Trust Funds**.

4.4 No Benefit. A member of **Chief and Council** who has not executed the Undertaking and Acceptance of **Chief** or Councillor in the form of Schedule 1 shall not be entitled to receive any benefit whatsoever from the **Trust**.

4.5 Disclosure of Conflicts of Interest. Any member of **Chief and Council** with a direct or indirect pecuniary interest in any matter before **Chief and Council** involving **Trust Funds**, shall:

(a) immediately disclose such interest in writing to **Chief and Council**;

(b) withdraw from any meeting of **Chief and Council** while such matter is being considered; and

(c) refrain from voting on, or otherwise influencing, the decision of **Chief and Council** in relation to such matter.

4.6 No Quorum. If as a result of a failure of a member of **Chief and Council** to sign an undertaking and acceptance or due to a requirement of any member of **Chief and Council** to withdraw due to a conflict of interest, it is not possible to obtain a quorum of **Chief and Council** to make a decision under Article 4.1, the matter shall be decided by a **Majority Vote** at a **Meeting of Fox Lake Citizens**.

4.7 Exception. The restrictions set forth in Articles 4.4 and 4.5 shall not apply if such interest is of a **Fox Lake Citizen** in common with all **Fox Lake Citizens**, or of a **Fox Lake Citizen** in common with a group or class of **Fox Lake Citizens** with a common interest or common characteristic.

4.8 Liability of **Chief and Councillors**. When handling **Trust Funds**, members of **Chief and Council** shall:

(a) use **Trust Funds** only as disclosed and approved;

(b) reimburse the **Trust** for their own misappropriation or misuse of **Trust Funds**; and

(c) be liable for their own negligence, wilful misconduct or breach of this **Indenture**;

but shall not otherwise be liable for honest errors in judgment in making any decisions or exercising any discretion, provided same is authorized under this **Indenture** or the **Agreement**.

ARTICLE 5 APPOINTMENT AND REMOVAL OF TRUSTEES

5.1 Eligibility. **Trustees** shall be:

(a) **Fox Lake Citizens** eighteen (18) years of age or older who are not members of **Chief and Council**; and

(b) available, regularly and responsibly, to attend to the business of the **Trust**.

5.2 Appointment of **Trustees**. **Chief and Council** shall from time to time as required appoint, by **Council Resolution**, **Trustees** so as to ensure that there are four (4) **Trustees** at all times. Further, **Chief and Council** shall ensure that among the **Trustees** are included at all times:

(a) one **Trustee** who shall be an elder, fifty-five (55) years of age or older; and

(b) one **Trustee** who shall be a youth between eighteen (18) and twenty-four (24) years of age.

A **Trustee** who is appointed pursuant to Article 5.2(b) shall cease to be a **Trustee** on attaining the age of twenty-five (25) years and **Chief and Council** shall then appoint another **Trustee** who meets the requirements of Article 5.2(b).

5.3 Term of **Trustees**. Two (2) initial **Trustees** shall serve a three (3) year term and two (2) initial **Trustees** shall serve a two (2) year term. **Chief and Council** shall indicate in the **Council Resolution** referenced in Article 5.2 the term of each respective initial **Trustee**. The term of office for **Trustees** other than the initial **Trustees** shall be two (2) years.

5.4 Shortened Term. Notwithstanding Article 5.3, the term of a **Trustee** shall be subject to being terminated before its expiration as provided in Articles 5.2, 5.6, 5.7 and 18.2.

5.5 Additional Terms. A **Trustee** may serve more than one (1) term.

5.6 Removal. A **Trustee** who subsequently becomes a member of **Chief and Council** shall cease to be eligible to serve as a **Trustee** while a member of **Chief and Council** and that **Trustee's** term of office shall be deemed to be terminated.

5.7 Termination of Appointment.

(a) Where a **Trustee**:

(i) is unable or unwilling to act;

(ii) ceases to be a **Fox Lake Citizen**;

(iii) is convicted of an indictable offence or a *Criminal Code* offence related to property;

(iv) is an undischarged bankrupt;

(v) misses three (3) consecutive meetings without prior or subsequent written authorization from a majority of the other **Trustees**; or

(vi) otherwise provides just cause for termination;

that **Trustee's** term of office shall be terminated forthwith by **Chief and Council** by providing written notice to that **Trustee** setting out the reasons for termination.

(b) Where a **Trustee** resigns his/her office by written notice to **Chief and Council**, that **Trustee's** term of office shall be deemed to be terminated.

5.8 Validity of Actions. Until resignation or termination under Article 5.7, no action by the **Trustees** shall be invalid due solely to the ineligibility of a **Trustee**.

5.9 Acceptance of **Indenture**. Prior to assuming office, a **Trustee**, other than an initial **Trustee**, shall execute an Undertaking and Acceptance of Trustees in the form of Schedule 2 and deposit it with **Chief and Council**.

5.10 **Trustees**' Dealings with the **Trust**. A **Trustee** shall act for the **Trust** only in that capacity and shall not otherwise be employed or retained by the **Trust** for services for consideration.

5.11 General Duty of **Trustees**. Every **Trustee**, in exercising powers and discharging duties under this **Indenture**, shall:

(a) act honestly and in good faith, with a view to the best interests of the **Trust**;

(b) use such care, diligence and skill as a reasonably prudent person would in exercising comparable duties; and

(c) comply with the terms of this **Indenture** and the duties associated with the **Trust** contained in the **Agreement.**

5.12 Liability of **Trustees**. **Trustees** shall be liable for their own negligence, wilful misconduct, or breach of the provisions of this **Indenture**, but shall not otherwise be liable for any honest error in judgment.

5.13 Disclosure of Conflicts of Interests. Any **Trustee** with a direct or indirect pecuniary interest in any matter involving the **Trust** or **Trust Funds** shall:

(a) immediately disclose such interest in writing to the other **Trustees;**

(b) withdraw from any meeting of the **Trustees** while such matter is being considered; and

(c) refrain from voting on, or otherwise influencing, the decision of the other **Trustees** in relation to the matter.

5.14 **Trustee** Per Diem. **Trustees** shall be entitled to a reasonable per diem for acting as a **Trustee**. The amount of the per diem shall be approved at a **Meeting of Fox Lake Citizens**. In addition, **Trustees** shall be entitled to reimbursement or allowance for reasonable travel expenses incurred in the performance of their duties.

5.15 No Power of Appointment. The authority of a **Trustee** to delegate the execution or exercise of all or any powers and discretions invested in him as a **Trustee** pursuant to section 36 of *The Trustee Act* (Manitoba) is hereby denied and disallowed.

5.16 Limited Right to Divide and Delegate Amongst **Trustees**. The Trustees may divide the duties of their offices between them as they may from time to time deem advisable, and further, any **Trustee**, with the consent of the other **Trustees**, may be relieved of any and all powers, duties, and discretions, in and by this **Indenture** vested in or imposed upon such **Trustee**, by delivering to the other **Trustees** an instrument in writing delegating the same, or any part thereof, to such other **Trustee** or **Trustees** (being the remaining **Trustee** or **Trustees**), and any act done or decision made pursuant to such written instrument shall be binding upon and not subject to question or challenge by any person whomsoever. The **Trustees**, by instrument in writing, may provide that only one or more of their numbers may exercise any and all powers, duties and discretions vested in them jointly, but provided always, that any such delegation of powers, duties and discretions shall only relate to the management and administration and operation of the **Trust** or any property, business, firm, investment, or other asset in which it is interested, and shall under no circumstances apply to or permit the delegation of any power, duty and discretion vested in the **Trustees** in relation to:

(a) the power to appoint or assign **Income** of the **Trust** to or on behalf of the beneficiaries of the **Trust**;

(b) the power to encroach on capital in favour of the beneficiaries of the **Trust**; and

(c) any power, duty or discretion, which is required under the terms of this **Indenture** to be executed by the **Trustees** unanimously.

ARTICLE 6 DECISIONS AND DUTIES OF TRUSTEES

6.1 Trustees. The **Trust** shall have four (4) **Trustees** each of whom shall faithfully administer the terms of this **Indenture**.

6.2 Decisions by **Trustees**. It is expected that decisions of **Trustees** shall be unanimous, but where such is not possible, approval of not less than three (3) **Trustees** shall be sufficient to make decisions unless otherwise provided herein.

6.3 No Liability for other **Trustees**. No **Trustee** shall be liable for the acts, omissions, neglect or default of any other **Trustee**, or be liable to indemnify any other **Trustee** against any losses, costs, claims, charges or expenses brought against, incurred or suffered by any other **Trustee.**

6.4 No Encumbering. Except as provided in Articles 8.3(g) and 8.8, the **Trustees** shall not pledge or forward commit any **Trust Funds** beyond the current fiscal year.

6.5 Maintain Records and Books. The **Trustees** shall maintain a duplicate set of current, accurate and complete records and books of **Accounts** of the **Trust** at the Band office on **Reserve**. The **Trustees,** in cooperation with **Chief and Council**, shall make appropriate custodial arrangements to safeguard the duplicate set of records and books of **Accounts** and provide reasonable access thereto to **Fox Lake Citizens**.

6.6 Meetings. The **Trustees** shall meet to conduct the business of the **Trust** and they may conduct such business by telephone as long as the majority of **Trustees** are present at the time business is conducted.

6.7 Chair of Meetings. At any meeting of the **Trustees**, a Chair for the meeting shall be selected from among the **Trustees** in attendance.

6.8 Minutes. Written minutes of all **Trustees** meetings shall be kept and the minutes of the preceding meeting will be considered for approval at the commencement of each meeting.

6.9 Appointment of **Claims Officer**. The **Trustees** shall appoint:

(a) an independent **Claims Officer**; and

(b) an **Alternate Claims Officer** to act in the place of the **Claims Officer**, in the event that the **Claims Officer** is unable or unwilling to act;

who will administer claims in accordance with section 7.3 of the **Agreement**.

ARTICLE 7 TRUSTEES' POWERS

7.1 Power and Authorities. The **Trustees** may:

(a) make, execute, acknowledge and deliver any agreements with any person or corporation, concerning any **Trust Funds**;

(b) open or operate a bank account or bank accounts as may be expedient in the opinion of the **Trustees** and deposit any cash balances in the hands of the **Trustees** at any time in any chartered bank or trust company or credit union, and for the purposes of the **Trust**, draw, make, endorse, deposit and deal in cheques, bills of exchange, promissory notes, drafts, or any other mercantile, commercial or security documents of any nature or kind, and enter into contracts or agreements of any nature or kind, with such bank or trust company or credit union, and designate any **Trustee** or **Trustees** as signing authority for any such bank accounts or trust company accounts or credit union accounts which are opened and for such purposes the signatures of that **Trustee** or those **Trustees** designated, as **Trustees**, and not in their personal capacity, shall be valid and binding upon the **Trust**, and all such forms as may be required to open bank accounts, or trust company accounts or credit union accounts, operate same and related matters, shall be completed in the required manner and on the forms required by such bank or trust company account or credit union account;

(c) following notice to **Chief and Council**:

(i) employ professional financial and/or investment advisors, brokers, solicitors, **Auditors**, accountants and agents, deemed by the **Trustees** to be helpful for the proper settlement or administration of the **Trust**, and to do so without any liability for any neglect, omission, misconduct, or default of any such employed person, provided such employed person was selected and retained with reasonable care, and

(ii) determine and pay reasonable compensation for all expenses associated with the use of the professional services listed in Article 7.1(c)(i). Payment shall not exceed twenty five thousand ($25,000.00) dollars per annum, unless otherwise approved by **Chief and Council**,

(d) following notice to, and approval by, **Chief and Council**, provided **Chief and Council** are not parties adverse in interest, prosecute, defend or settle any suits, actions or other proceedings affecting them or the **Trust**;

(e) make, or refrain from making, any election, determination or designation permitted by any statute or regulation enacted by Parliament or by a Legislature of a province of Canada or by any other legislative or governmental body of any other country, which exercise of discretion by the **Trustees** shall be binding upon all of the beneficiaries of this **Trust**;

(f) sell, call in and convert into money, any **Trust Funds** at such time, and in such manner and upon such terms, as they decide, or postpone such conversion of property, or any part of that property, for such length of time as they consider advisable. The **Trustees** may retain, as an authorized investment of the **Trust**, for all purposes of this **Trust**, for such length of time as they consider necessary, any cash or other property originally transferred to the **Trustees** pursuant to this **Indenture**;

(g) borrow funds subject to the conditions in Article 8.8 on security or without security from time to time for any purpose upon such terms and conditions as they may deem advisable, and as security therefore they may mortgage, pledge, hypothecate, or otherwise charge the **Trust Funds** or any part thereof, and may make, execute and deliver such notes, bonds, mortgages, or other obligations as may be required;

(h) following written notice to **Chief and Council**, purchase, pay premiums on, and hold policies of insurance;

(i) following written notice to **Chief and Council**, pay any taxes payable in respect of any **Trust Funds**;

(j) except as otherwise expressly provided in this **Indenture**, in respect of any distributions of **Trust Funds**, determine which beneficiaries receive distributions of **Income** of the **Trust** and which receive distributions of capital of the **Trust**;

(k) appoint from time to time, by instrument in writing, whenever the Trustees deem it necessary or desirable to do so, a manager, a committee of **Trustees** or a committee of one or more **Fox Lake Citizens** for any one or more of the following purposes:

  (i) to provide advice and assistance to the **Trustees** in the performance of their duties hereunder, and

  (ii) to make recommendations to the **Trustees** with respect to all or any matters requiring the decision of the **Trustees**;

(l) exercise such other incidental powers and authorities as are necessary to accomplish the purposes of the **Trust** set out in Article 3.3.

7.2 Proper Execution of Documents. No contract, document, instrument, promissory note, bill of lading, commercial instrument or other similar commercial or legal document made on behalf of this **Trust** shall bind this **Trust** unless it is executed by a majority of the **Trustees**, provided however that the Trustees may authorize one or more of the **Trustees** to sign on behalf of the **Trust**.

7.3 Reliance Upon Reports. The **Trustees** may, providing they exercise due diligence, rely and act upon the accuracy of any statement, report, certificate or opinion from the **Auditor**, or any solicitor for the **Trust**, or any person required to prepare a report or certificate under this **Indenture** or pursuant to a document scheduled hereto, and shall not be responsible or held liable for any loss or damage resulting from acting in good faith, upon such statement, certificate, opinion or report.

7.4 **Trustees** Indemnification. Each **Trustee** assumes office on the express understanding and condition that the **Trustee**, and the heirs, executors, administrators and successors of that **Trustee** shall be indemnified out of the **Trust**, from and against all costs, charges and expenses which are brought, commenced or prosecuted against the **Trustee**, for or in respect of any act, deed, matter or thing, done or permitted by the **Trustee,** related to the duties set out in this **Indenture** and at law, and also from and against all other costs, charges and expenses which the **Trustee** sustains or incurs with respect to the **Trust**, except such costs, charges or expenses which arise due to matters a **Trustee** is liable for under Article 5.12.

ARTICLE 8 BUDGETARY PROCESS

8.1 Preparation of Proposals, Plans and Initiatives. Each fiscal year **Chief and Council**, **Fox Lake Citizens** and other **Community Organizations**, may prepare proposals, plans and initiatives consistent with the purposes of the **Trust** as set out in Article 3.3 for the use of the **Funds Available**, and submit same to the **Trustees** for review.

8.2 Preparation of the Budget. Not later than thirty (30) days before the end of the fiscal year, the **Trustees** shall prepare a budget to determine the use of the **Funds Available** for the following fiscal year. In preparing the budget, the **Trustees** shall consider the proposals, plans and initiatives submitted under Article 8.1, the previous proposals, plans and initiatives of the **Trust** and the purposes of the **Trust**, and prepare a budget that is consistent with the purposes of the **Trust**.

8.3 Budgetary Process. Not later than thirty (30) days before the end of the fiscal year, the **Trustees** shall give notice of a **Meeting of Fox Lake Citizens** in order to review the proposed budget and the use of the **Funds Available**. The notice of the meeting shall be given in the manner set out in Article 8.4. The **Trustees** shall make available for review at least thirty (30) days before the meeting:

(a) the budget prepared in accordance with Article 8.2;

(b) for each proposal, plan or initiative, including **Capital Works**:

  (i) a description, including any available drawings,

  (ii) a budget, including cash flow requirements, cost analysis, notes to the financial statements,

  (iii) a business plan and if available, a feasibility study,

  (iv) the location,

  (v) implementation and administration methods, including the experience and capability of any organization to be employed in implementation and administration,

  (vi) anticipated benefits including, where applicable, jobs, training and income support details, and

  (vii) where applicable and known, the contractors or subcontractors;

(c) for each proposed **Capital Work**, the cost of construction of which will exceed one hundred thousand ($100,000.00) dollars:

  (i) an **Operation and Maintenance** budget supported by a written opinion prepared by an architect, professional engineer or other qualified person, and

  (ii) arrangements for funding the **Operation and Maintenance** budget;

(d) for each proposed **Capital Work**, the cost of construction of which will exceed two hundred fifty thousand ($250,000.00) dollars:

  (i) an **Operation and Maintenance** budget supported by a written opinion prepared by an architect, professional engineer or other qualified person,

  (ii) a business plan,

  (iii) a feasibility study, and

  (iv) arrangements for funding the **Operation and Maintenance** budget;

(e) for each **Capital Work** constructed in a previous fiscal year:

  (i) the costs of **Operation and Maintenance** in the preceding fiscal year determined from the audited financial statements, and

  (ii) arrangements for funding **Operation and Maintenance** in the current fiscal year;

(f) for any **Multi-Year Program**:

  (i) the reasons for the **Multi-Year Program**,

  (ii) the amounts expected to be spent in each year of the **Multi-Year Program**, and

  (iii) the anticipated duration of the **Multi-Year Program**;

(g) for any proposed borrowings by the **Trust** under Article 8.8:

(i) the purpose of the loan, including the nature of any **Trust Funds** to be acquired, independent valuations of those assets, the commercial or non-commercial purposes to which the acquired **Trust Funds** will be applied,

(ii) the nature of any security to support the loan, and

(iii) loan proposals from at least two (2) unaffiliated financial institutions and the material terms of the loan, including name of the lender, the principal amount of the loan, rate of interest, term of the loan, and repayment terms.

(h) For any proposed loan to **Fox Lake** or to a **Community Organization** under Article 8.9:

(i) the proposed use of the loan proceeds;

(ii) the security, if any, taken in respect of the loan, including, where same is being required by the **Trustees**, independent valuations of the collateral; and

(iii) the terms of repayment of the loan.

8.4 Meeting of Fox Lake Citizens. The **Meeting of Fox Lake Citizens** referred to in Article 8.3 shall be scheduled for a date not later than thirty (30) days into the new fiscal year and the notice shall:

(a) specify the time, place and purpose of the meeting;

(b) be publicized at least thirty (30) days before the end of the preceding fiscal year by posting notices in public places on **Reserve** and by other means reasonably likely to reach as many **Adult Fox Lake Citizens** as is reasonably practical; and

(c) indicate where the information and relevant documents referred to in Article 8.3 can be obtained or reviewed by **Adult Fox Lake Citizens**.

8.5 Budget Decisions. Following the **Meeting of Fox Lake Citizens** under Article 8.4, the **Trustees** shall, where applicable:

(a) make a final decision on the expenditure of the **Funds Available**;

(b) provide confirmation of their decision by means reasonably likely to reach **Adult Fox Lake Citizens**; and

(c) request release of **Trust Funds** using the form of "Resolution of Trustees: Certificate of Disclosure" attached as Schedule 3.

8.6 Disclosure to **Members**. If the **Trustees** propose to vary in any material way from the information previously disclosed under Article 8.3 then, prior to providing confirmation under Article 8.5(b), the **Trustees** shall make fresh disclosure with respect to those variations in accordance with Article 8.3 and amend the confirmation provided under Article 8.5(b).

8.7 2004 and 2005. Articles 8.1 to 8.6 shall not apply for the 2004 fiscal year. With respect to the budgetary process for 2005, those things referred to in Articles 8.2, 8.3 and 8.4(b) as things to be done no later than 30 days prior to the commencement of 2005 may instead be done no later than March 31, 2005 and the meeting referred to in Article 8.4 shall be scheduled for a date not later than April 30, 2005.

8.8 Borrowing of Funds. Notwithstanding anything else herein contained, the **Trustees** may make financial commitments for repayment of principal and interest on a loan providing all of the following conditions are met:

(a) the borrowing has been disclosed at a **Meeting of Fox Lake Citizens**; and

(b) the financial commitments do not contravene the **Minimum Capital Amount** required to be held in **Trust**.

8.9 Loans to **Fox Lake** or **Community Organizations**. Notwithstanding anything else herein contained, the **Trustees** may, out of the **Funds Available** in any fiscal year, advance loans to **Fox Lake** or **Community Organizations** from the Manitoba Community Development Sub-Account and/or the Hydro Community Development Sub-Account for all or any of the purposes allowed for such **Sub-Accounts** as set forth in Article 13.3. The principal amount of each loan and the terms of repayment thereof shall be as determined by the **Trustees** in their discretion. Without limiting the generality of the foregoing, the terms of any loan may include the following:

(a) the loans may be interest or non-interest bearing;

(b) the principal amount and/or interest may be forgivable; or

(c) the loans may be secured or unsecured.

ARTICLE 9 COMMUNITY MEETINGS

9.1 Other **Meetings of Fox Lake Citizens**. Where this **Indenture** contemplates a **Meeting of Fox Lake Citizens** and has not otherwise been specifically dealt with herein, the **Trustees** shall call a **Meeting of Fox Lake Citizens**. Notice for a **Meeting of Fox Lake Citizens** shall:

(a) specify the time, place and purpose of the meeting;

(b) be publicized at least seven (7) days before the proposed meeting by posting notices in public places on **Reserve** and by other means reasonably likely to reach as many **Adult Fox Lake Citizens** as is reasonably practical; and

(c) indicate where information or any relevant documents relating to the meeting can be obtained or reviewed by **Adult Fox Lake Citizens**.

9.2 Calling **Meetings of Fox Lake Citizens**. Where this **Indenture** contemplates a **Meeting of Fox Lake Citizens** being called by the **Trustees** and such meeting has not been called as required, **Chief and Council** or any **Fox Lake Citizen** may call such meeting. Notice of such meeting shall:

(a) specify the time, place and purpose of the meeting;

(b) be publicized at least seven (7) days before the proposed meeting by posting notices in public places on **Reserve** and by other means reasonably likely to reach as many **Adult Fox Lake Citizens** as is reasonably practical; and

(c) indicate where information or any relevant documents relating to the meeting can be obtained or reviewed by **Adult Fox Lake Citizens**.

ARTICLE 10 PER CAPITA PAYMENT

10.1 Per Capita Payment. Each **Fox Lake Citizen** shall be entitled to a one time payment of one thousand ($1,000.00) dollars. The **Trustees**, in consultation with **Chief and Council**, shall set a date for the distribution of the per capita payment.

10.2 Entitlement. Subject to Article 10.3, a **Fox Lake Citizen**, who is alive on the **Date of the Agreement**, shall be entitled to receive the per capita payment.

10.3 Estate's Entitlement. A **Fox Lake Citizen** who is alive on the **Date of the Agreement**, but dies thereafter, shall remain entitled to such per capita payment.

10.4 Limit on Per Capita Payment. No additional per capita payment shall be approved for distribution to, or for the benefit of, **Fox Lake Citizens** other than that contemplated by Article 10.1 after the date fixed for distribution of the per capita payment.

10.5 Limitation. The right of a **Fox Lake Citizen** to claim for any per capita payment shall expire four (4) years from the later of:

(i) the date fixed for distribution of the per capita payment; and

(ii) the date on which a **Fox Lake Citizen** attains the age of eighteen.

10.6 Funding and Administration of Per Capita Payments. The per capita payment provided for in Article 10.1 shall be paid out of the capital of the Hydro Community Development Sub-Account. The **Trustees** shall ensure that there is sufficient money in the Hydro Community Development Sub-Account to permit the **Trustees** to pay and administer the per capita payment to, or for the benefit of, **Fox Lake Citizens** as provided for in Article 10.1.

10.7 Social Assistance and Per Capita Payment. Based on a determination by **Manitoba**, the per capita payment referenced in Article 10.1 will not be considered as income for the purposes of calculating the social assistance entitlement of any **Fox Lake Citizen**. No social assistance payment, to which any **Fox Lake Citizen** is otherwise entitled, will be reduced due to the receipt by such **Fox Lake Citizen** of the per capita payment referenced in Article 10.1.

10.8 **Per Capita Account**. Any per capita amount payable under Article 10.1, which is not claimed within six (6) months, shall be held in an **Account** to be known as the **Per Capita Account** until the earlier of the date such payment is claimed or the expiry of four (4) years from the date fixed for payment. Any interest earned on funds held in the **Per Capita Account** shall be paid on the last day of the fiscal year to **Chief and Council** who shall settle such funds on the **Trustees**, with direction that they shall be transferred and credited to the **Community Development Account** or the **Claims Account**. Any amount in the **Per Capita Account** which is unclaimed following the expiry of the four (4) year period shall be transferred and credited to the Hydro Community Development Sub-Account.

10.9 Subsequent Payments. Where a valid request for an unpaid per capita amount is subsequently made to **Chief and Council**, **Chief and Council** shall advise the **Trustees** of the individual names, and the **Trustees** shall advance the requisite amount from the **Per Capita Account** to make the payment.

ARTICLE 11 AUDITOR

11.1 **Auditor**. The **Trustees** shall annually appoint a chartered accountant in private practice licensed to prepare audits in the Province of Manitoba as the **Auditor** to audit the **Accounts** and the receipt and expenditure of all **Trust Funds**.

11.2 Restrictions. Except as may be required by law, or where the **Trustees** agree unanimously that a payment is needed to protect **Trust Funds**, no moneys shall be paid from the **Trust** if at any time there is no appointment of an **Auditor** pursuant to Article 11.1.

11.3 **Auditor's** Duties. The **Auditor** shall be retained to:

(a) review and report on the system for comprehensive accounting and reporting of **Trust Funds**;

(b) conduct an annual audit of all assets and **Trust Funds** and provide same to the **Trustees** and **Chief and Council**;

(c) provide any other necessary reports on assets, **Trust Funds** and the **Trust** to the **Trustees** and **Chief and Council**;

(d) for the purposes of Articles 8.3(c)(i) and 8.3(d)(i), conduct an annual audit of the financial statement for the **Operation and Maintenance** for each **Capital Work**; and

(e) provide advice and recommendations on the management and disposition of **Trust Funds** as an element of the audit.

11.4 Copy of **Trust Agreement**. The **Trustees** shall provide a copy of this **Indenture** and the **Agreement** to the **Auditor** upon appointment.

PART FOUR: TRUST ACCOUNTS

ARTICLE 12 RECEIPT AND ALLOCATION OF TRUST FUNDS

12.1 Delivery of **Financial Proceeds**. Subject to Article 2 of the **Agreement** by way of settling the **Trust**, **Fox Lake** agrees and irrevocably directs that all **Financial Proceeds** shall be delivered by the payor to the **Trustees**, to be held by the **Trustees** upon the terms of this **Indenture**.

12.2 **Accounts of the Trust**. The **Trustees** shall, as required, establish and maintain separate accounting records for:

(a) the **Per Capita Account**;

(b) the **Community Development Account**, and within the **Community Development Account**, **Sub Accounts** as provided for in Article 13.3; and

(c) the **Claims Account**.

The **Trustees** shall have the discretion as to whether or not they segregate into separate trust funds the funds pertaining to each of the above **Accounts**.

12.3 Timing of Establishment. The **Claims Account** and the **Community Development Account** shall be established upon settlement of the **Trust**.

12.4 Funding Accounts. In accordance with the terms of this **Indenture**, the **Trustees** shall fund the **Community Development Account** and the **Claims Account** from the **Financial Proceeds**.

12.5 **Minimum Capital Amount**. The **Trustees** shall take all reasonable steps to maintain the **Net Value of the Assets** at the end of each fiscal year, not including the value, if any, of:

(a) those **Community Development Account Sub-Accounts** described in Article 13.3 (a), (b) and (c);

(b) the **Per Capita Account**;

(c) the **Claims Account**; and

(d) the amount of any outstanding loans to **Fox Lake** or **Community Organizations** pursuant to Article 8.9;

at an amount which is equal to or greater than the **Minimum Capital Amount**.

12.6 Distribution of **Funds Available**. The **Funds Available** which are used to fund proposals, plans and initiatives of the beneficiaries or to pay amounts to the beneficiaries in a fiscal year of the **Trust** shall be paid:

(a) firstly out of **Income of the Trust** for the year; and

(b) secondly out of the capital of the **Trust.**

However, the funding of the per capita payment provided for in Article 10.1 shall be paid out of the capital of the **Community Development Account** as provided for in Article 10.6, and payments out of the **Claims Account** provided for in Article 14.1 shall be paid out of the capital of the **Claims Account**.

To the extent possible, the portion of the **Income of the Trust** attributable to each of the **Accounts** or **Sub-Accounts** shall be used for the same purposes as the capital of the particular **Account** or **Sub-Account** is to be used, provided that the **Income** derived from the **Per Capita Account**, the **Claims Account** and the Heritage Capital Sub-Account shall be used for the same purposes for which the capital of the **Hydro** Community Development Sub-Account is to be used.

12.7 Payment of all **Income**. If the distributions of **Income** out of the **Funds Available** in a particular fiscal year to fund proposals, plans and initiatives of the beneficiaries or which has otherwise been paid to the beneficiaries in the particular fiscal year by the last business day of the particular fiscal year is less than the **Income** for the particular year, then an amount equal to the balance of the **Income** for the particular year shall be payable on demand to **Fox Lake** at the end of the fiscal year for its own uses and the **Trustees** shall at the end of the year issue in favour of **Fox Lake** a non-interest bearing unrestricted demand promissory note for said amount.

12.8 Moneys Not Spent in Fiscal Year Do Not Lapse Any moneys approved for expenditure but not paid or expended by the **Trustees** in the fiscal year in which they were approved, may be paid or expended by the **Trustees** in a subsequent fiscal year for the same purpose and subject to the same restrictions, if any.

ARTICLE 13 COMMUNITY DEVELOPMENT ACCOUNT

13.1 Initial Allocation. The **Funds Available** for the fiscal year ending December 31, 2004 shall be that amount necessary to make the per capita payments contemplated by Article 10.

13.2 Establishment and Use of **Community Development Account**. The **Community Development Account** shall be established and used for any or all of the following purposes:

(a) to implement the **Agreement** and administer the **Trust**;

(b) for investing, through **Community Organizations**, in business and commercial ventures of material benefit to **Fox Lake**;

(c) to design and implement a strategy to address health and social issues of **Fox Lake**;

(d) for a housing program for **Fox Lake** to supplement existing funds otherwise available for housing;

(e) for **Capital Works** on the **Reserve**;

(f) to supplement funds otherwise available for **Operation and Maintenance** of **Capital Works** on the **Reserve**;

(g) for the approved payments referred to in Article 10.1; and

(h) for such other things approved by the **Trustees** consistent with the purposes of this **Indenture** as set out in Article 3.3.

13.3 Community Development **Sub-Accounts**. The **Trustees** shall, as required, establish and maintain separate accounting records for the following **Sub-Accounts** of the **Community Development Account**:

(a) a Manitoba Community Development Sub-Account for payments made by **Manitoba** pursuant to paragraph 2.2.5(a) of the **Agreement** to be used for investing in business and commercial ventures of material benefit to **Fox Lake**, for designing and implementing a strategy to address health and social issues, and for indemnification payments to **Manitoba** pursuant to Article 9 of the **Agreement**;

(b) a Housing Community Development Sub-Account for payments made by **Manitoba** pursuant to paragraphs 2.2.5(b) to (f) of the **Agreement** to be used for a housing program for **Fox Lake** and for indemnification payments to **Manitoba** pursuant to Article 9 of the **Agreement**; and

(c) a Hydro Community Development Sub-Account:

  (i) for $1,000,000.00 out of the payment made by **Hydro** pursuant to paragraph 2.2.2(a) of the **Agreement** less the $50,000.00 transferred to the **Claims Account**,

  (ii) for payments made by **Hydro** pursuant to paragraphs 2.2.2(b) to (p) of the **Agreement**,

(iii) for payments made by **Hydro** pursuant to subsection 3.7.6 of the **Agreement**,

(iv) for $2,234,000.00 out of the payment made by **Hydro** pursuant to paragraph 2.2.2(q) of the **Agreement**,

(v) for any amounts transferred out of the **Claims Account** as contemplated by Articles 14.2 and 14.3 of this **Indenture**,

(vi) for any amounts transferred out of the **Per Capita Account** as contemplated by Article 10.8 of this **Indenture**, and

(vii) for any other receipts, revenues, borrowings or proceeds not otherwise directed in this **Indenture** to a specific **Account**

to be used for any and all purposes set forth in Articles 13.2 and 14.1 and to make indemnification payments, if required, to **Hydro** pursuant to Article 9 of the **Agreement**;

(d) a Heritage Capital Sub-Account for $9,000,000.00 out of the payment made by **Hydro** pursuant to paragraph 2.2.2(q) of the **Agreement** to hold as the **Minimum Capital Amount** for the long-term heritage of **Fox Lake** and for indemnification payments to **Hydro** pursuant to Article 9 of the **Agreement**.

Any receipts derived from an **Account** or **Sub-Account** not constituting **Income** shall be maintained in the **Account** or **Sub-Account** to which such receipts are reasonably attributable.

13.4 Administration and Operating Expenses. General administration, and any other expenses of the **Trust** in a fiscal year which are deductible for income tax purposes in calculating **Income** for the year shall be paid out of receipts constituting **Income**. Any other such expenses of the **Trust** for the year which are not so deductible in calculating **Income** shall be charged to the Hydro Community Development Sub-Account referred to in Article 13.3(c).

ARTICLE 14 CLAIMS ACCOUNT

14.1 Establishment and Use of the **Claims Account**. The **Claims Account** shall be established and used for:

(a) the payment of claims and costs in accordance with Article 7 of the **Agreement**;

(b) the remuneration of the **Claims Officer** and the reasonable costs of the **Claims Officer** to investigate claims; and

(c) for indemnification payments for **Hydro** pursuant to Article 9 of the **Agreement**.

14.2 Minimum Balance. Immediately upon settlement of the **Trust**, $50,000.00 shall be paid into the **Claims Account** from the payment made by **Hydro** pursuant to paragraph 2.2.2(a) of the **Agreement**. Thereafter the **Claims Account** shall be replenished at the beginning of each fiscal year from the Hydro Community Development Sub-Account to ensure that, after payment of all claims approved for payment in the previous fiscal year, a minimum balance of $10,000.00 is maintained. Funds in the **Claims Account** in excess of $10,000.00 on the last business day of the second and every subsequent fiscal year shall be transferred and credited to the Hydro Community Development Sub-Account.

14.3 Reduction in Balance. If claims paid are less than ten thousand ($10,000.00) dollars per year in the previous five (5) year period, the balance to be maintained in the **Claims Account** may, by unanimous consent of the **Trustees**, be reduced to an amount equivalent to the highest amount paid in any of the previous five (5) years. Any amounts by which the **Claims Account** is so reduced shall be transferred and credited to the Hydro Community Development Sub-Account referred to in Article 13.3(c).

14.4 Increase to Minimum Balance. The minimum balance to be maintained in the **Claims Account** may be increased by unanimous consent of the **Trustees**.

14.5 Payment of **Citizens' Claims**. The **Trustees** shall promptly pay the amount of compensation and costs in respect of **Cizitens' Claims** awarded against, or payable by, the **Trust** under subsection 7.3.10 of the **Agreement** provided the **Trustees** have received:

(a) a written notice of the determinations made by the **Claims Officer** under paragraph 7.3.8(f) of the **Agreement**;

(b) a copy of any claim or submission made by a **Claimant** to whom compensation is payable, and

(c) a copy of the **Claimant** acceptance and release in the form of Schedule 7.2 of the **Agreement** signed by the **Claimant**.

ARTICLE 15 INVESTMENT OF TRUST ASSETS

15.1 Investments. The **Trustees** shall only be permitted to invest **Trust Funds** in accordance with the guidelines set forth in Schedule 6, which have been developed independently by **Fox Lake** and their advisors. Nothing herein shall limit or prevent the **Trustees** from making loans to **Fox Lake** or **Community Organizations** to the extent permitted pursuant to Section 8.9.

15.2 Amendment of Schedule 6. Notwithstanding Article 20.8, Schedule 6 shall not be amended except that the long term asset mix and target ranges for the asset classes may be amended with the consent of all **Trustees** and **Chief and Council**. If such an amendment is made, notice should be provided to the other **Parties**.

ARTICLE 16 PAYMENTS FROM THE TRUST

16.1 General requirements. Prior to making any payment under Article 16 the **Trustees** shall do the following:

(a) complete a Schedule 3 form;

(b) determine, on reasonable grounds, that immediately after the payment is made, this **Trust** will be able to meet its liabilities as they become due;

(c) determine that the use of the funds, as disclosed in the documents, will not entail any forward commitment of **Trust Funds** not authorized by this **Indenture**; and

(d) determine that Article 12.5 has been complied with.

After complying with Article 16.1 the **Trustees** shall make the necessary payments.

16.2 Disbursement of **Funds Available**. Subject to Article 17, the **Trustees** shall make payments to **Chief and Council, Fox Lake Citizens** or **Community Organizations** from the **Funds Available** as provided for in the budgetary process established in Article 8.

16.3 **Claims Account**. The **Trustees** shall make payments from the **Claims Account** to **Claimants** pursuant to Article 14.

16.4 Payments for Minors. Payments to any person under the age of majority shall be made to a custodial parent or legal guardian in trust for the minor; and if at any time of the payment there is no living custodial parent or legal guardian, then such payment shall be made to the Public Trustee of Manitoba. Any payments to mentally incompetent persons shall be paid to the Public Trustee of Manitoba. **Fox Lake** will indemnify **Hydro** and **Manitoba** in respect of any claim by a **Fox Lake Citizen** arising from the administration or distribution of payments from the **Trust** under Article 16.4 to parents or guardians for the use and benefit of persons under the age of majority.

16.5 Custodial Parent. For the purposes of this **Indenture**, if no other legal guardian has been appointed, "custodial parent" may mean any of the following:

(a) either parent, if the parents are cohabiting;

(b) the surviving parent, if one parent is deceased;

(c) if the parents are not cohabiting, the parent with whom the minor primarily resides; or

(d) a parent designated as the custodial parent either by agreement or by court order.

16.6 Acknowledgement of Receipt. No payments shall be made to a parent or legal guardian of a person under the age of majority until the parent or legal guardian has completed and provided an Acknowledgement of Receipt in a Schedule 4 form. The execution of the Acknowledgement of Receipt shall constitute an absolute discharge of any future liability of the **Trustees** who shall have no obligation to ensure the proper use of moneys so paid.

ARTICLE 17 ADMINISTRATION OF FUNDS RECEIVED FROM THE TRUST

17.1 Indirect Management. When authorized by this Indenture, the **Trustees** may meet their responsibilities for the administration of **Trust Funds** for specified purposes indirectly through the efforts of other **Community Organizations** or **Fox Lake Citizens** by:

(a) reasonably monitoring the administration of the approved proposal, plan or initiative to ensure that such expenditures are in compliance with the approved proposal, plan or initiative; and

(b) obtaining from the **Community Organization** or **Fox Lake Citizen** written financial and narrative reports on the proposal, plan or initiative.

17.2 Administration other than by Trustees. Where administration of the proposal, plan or initiative which is funded out of the **Funds Available** is other than by the **Trustees**, indirect administration by a **Community Organization** or **Fox Lake**

Citizen may involve the transfer of funds from the **Trustees** to the **Community Organization** or **Fox Lake Citizen**. In such circumstances, prior to any **Community Organization** or **Fox Lake Citizen** undertaking responsibility for the administration of the proposal, plan or initiative, the **Trustees** shall obtain from the **Community Organization** or **Fox Lake Citizen**:

(a) written confirmation from a chartered accountant that the **Community Organization** or **Fox Lake Citizen** has an adequate system to provide for the comprehensive accounting and reporting of:

  (i) the funds received and expended, and

  (ii) the purposes for which such expenditures were made;

(b) a written agreement in the form attached as Schedule 5; and

(c) evidence in a form acceptable to the **Trustees** that the audit opinion regarding the proposal, plan or initiative administered by the **Community Organization** or **Fox Lake Citizen** from a previous fiscal year, if any, is not subject to qualification, or if subject to qualification, that the qualification has been rectified to the satisfaction of the **Trustees**.

PART FIVE: REPORTS AND AUDITS

ARTICLE 18 TRUSTEES' REPORT

18.1 Annual Reporting Requirements. Within ninety (90) days after the end of each fiscal year, the **Trustees** shall provide **Chief and Council** and, upon written request, any **Fox Lake Citizen** or **Party**, with an annual report on the financial operations of the **Trust**, including:

(a) the **Auditor's** report and opinion referred to in Article 11.1, including any supporting documentation; and

(b) any special audit reports and opinions requested by the **Trustees**.

18.2 Required Meeting. If the **Trustees'** report signed by all **Trustees** is not provided as required in Article 18.1, **Chief and Council** shall by March 1st call a **Meeting of Fox Lake Citizens** to take place no later than April 30th. The **Trustees** shall attend and explain their failure to comply with the reporting requirements. The failure of the **Trustees** to attend such **Meeting of Fox Lake Citizens** or to provide an explanation satisfactory to **Chief and Council** and the **Fox Lake Citizens** shall be grounds for termination by **Chief and Council**.

18.3 Review of **Trustees'** Report by **Fox Lake Citizens**. Within thirty (30) days of the provision of the **Trustees**' report to **Chief and Council,** the **Trustees** shall call a **Meeting of Fox Lake Citizens** to discuss the report. The **Trustees** and the **Chief and Council** shall attend this meeting.

PART SIX: DISPUTES

ARTICLE 19 DISPUTES

19.1 Disputes. Any dispute in relation to this **Indenture** involving parties to or beneficiaries of this **Indenture** may be referred to a court of competent jurisdiction.

PART SEVEN: AMENDMENT AND DISSOLUTION

ARTICLE 20 AMENDMENT AND DISSOLUTION

20.1 Amendment or Dissolution of **Trust**. The **Trust** established by this **Indenture** may only be varied or dissolved in accordance with the conditions of Article 20.

20.2 Application to Court. Subject to Article 20.3 and Article 20.7, **Fox Lake** or the **Trustees** may, with the written consent of **Manitoba** and **Hydro**, which consents shall not be unreasonably withheld, apply to a court of competent jurisdiction to dissolve or amend the terms and conditions of this **Indenture**. Such application may proceed in the absence of written consent from **Manitoba** or **Hydro** if the court determines such consent has been unreasonably withheld or is unnecessary in the circumstances.

20.3 Consent of **Fox Lake Citizens**. Before applying to a court of competent jurisdiction under Article 20.2, **Fox Lake** or the **Trustees** shall:

(a) give **Fox Lake Citizens** at least thirty (30) days notice in the same manner and with the same disclosures as for a **Meeting of Fox Lake Citizens** under Article 8.4, that a meeting will be held to discuss varying or dissolving the **Trust**;

(b) hold a meeting where the **Trustees** shall explain the nature and significance of the dissolution, amendment, variation, addition, revision, modification, payment or transfer;

(c) where the intention is to amend, vary, add to, revise or modify the terms and conditions of this **Indenture**, obtain a **Majority Vote** of **Adult Fox Lake Citizens** present at such meeting, by secret ballot, authorizing the **Trustees** to make the court application;

(d) where the intention is to dissolve the **Trust**, obtain a seventy-five (75%) vote of the **Adult Fox Lake Citizens** present at a meeting where not less than forty (40%) per cent of all **Adult Fox Lake Citizens** or seventy-five (75%) per cent of all **Adult Fox Lake Citizens** ordinarily resident on **Reserve**, whichever is the greater, are present for the vote, by secret ballot authorizing the **Trustees** to make the court application;

(e) compile a list of those **Adult Fox Lake Citizens** attending the meeting and the results of the vote, which document shall be filed in court with the application; and

(f) after obtaining authorization by a secret ballot vote, make the court application.

20.4 Effective Date of Amendment or Dissolution. A change in the **Trust** under Article 20.2 shall take effect only after all appeals are exhausted or the time for filing them has expired.

20.5 Compliance. Upon being served with an order of the court dissolving the **Trust**, the **Trustees** shall, subject to Article 20.4 immediately comply with the court order.

20.6 Use of **Trust Funds** upon Dissolution of **Trust**. If, upon a court application to dissolve the **Trust** referred to in Article 20.3(d) the court orders that the **Trust** be dissolved, the **Trustees** and the **Chief and Council** shall ensure that all remaining **Trust Funds** shall be used exclusively for the benefit of **Fox Lake**, **Fox Lake Citizens** and **Community Organizations**.

20.7 Trust to Exist for a Minimum Period. Notwithstanding anything else contained in Article 20, the **Trust** may not be dissolved for a minimum period of fifty (50) years and this Article 20.7 may not be amended.

20.8 Amendment of Schedules. Subject to Article 15.2, and provided that any such amendment is not prejudicial to the other **Parties** and is consistent with the purposes of the **Agreement** and this **Indenture**, the **Trustees** and **Chief and Council** may, by unanimous consent, amend the schedules to this **Indenture**.

PART EIGHT: ACKNOWLEDGEMENT AND RELEASE

ARTICLE 21 ACKNOWLEDGEMENT AND RELEASE

21.1 Acknowledgement. **Fox Lake** acknowledges that the arrangements in this **Indenture** provide decision-making and management authority, disclosure and accountability by, to, and within, **Fox Lake**, and that neither **Manitoba** nor **Hydro** shall be responsible for the effectiveness or operation of these arrangements. **Fox Lake** further acknowledges that there is no sanction or warranty, either express or implied, by **Manitoba** or **Hydro**, that the arrangements in this **Indenture** or the **Agreement** will satisfy or fulfil the objectives of the **Trust** identified in Articles 3.3 (a) to (f) inclusive or attain the development or other purposes of **Fox Lake**. Article 21.1 does not alter or qualify the obligations of **Manitoba** or **Hydro** pursuant to the **Agreement**.

21.2 Release. **Fox Lake** releases and forever discharges **Manitoba** and **Hydro** from any and all actions, causes of action, suits, claims, demands, losses or damages of any nature or kind whatsoever, including any claims of a fiduciary character, if any, which **Fox Lake** has had, now has, or hereafter shall or may have, for, or in respect of obligations of **Manitoba** or **Hydro** to **Fox Lake** for anything done or omitted to be done by **Manitoba** and **Hydro** to and from the date of this **Indenture**, with respect to any of the matters or arrangements provided for in this **Indenture** including the substitution of the **Trust** arrangements for the provisions of the *Indian Act* (Canada) pertaining to Indian moneys. Article 21.2 does not limit the obligations assumed by **Manitoba** and **Hydro** pursuant to the **Agreement**. Nothing in Article 21.2 shall relieve **Manitoba** or **Hydro** of liability for breaches of the **Agreement**, future negligent acts or omissions, or wilful misconduct, on their own part, or on the part of those for whom they are responsible at law.

PART NINE: GENERAL PROVISIONS

ARTICLE 22 GENERAL PROVISIONS

22.1 Proper Law of **Trust**. This **Trust** shall be governed and interpreted according to federal and provincial laws in force in Manitoba from time to time.

22.2 Assignment. This **Indenture** and the rights and obligations under it shall not be assigned.

22.3 Enurement. This **Indenture** shall enure to the benefit of, and be binding upon the **Parties**, the beneficiaries, and the heirs, executors, administrators, and successors of all of them.

22.4 **Hydro** Ceasing to be Agent. If **Hydro** should cease to be an agent of Her Majesty the Queen in Right of Manitoba, all of its rights under this **Indenture** shall devolve upon **Manitoba**.

22.5 Entire **Agreement**. This **Indenture** and the **Agreement** constitute the entire agreement between the **Parties**, and except as expressly provided, supersede all prior agreements, understandings, negotiations and discussions whether oral or written, between the **Parties**. There are no representations, warranties, collateral agreements or conditions except as expressed in this **Indenture**.

22.6 Successor Lawful Authority. Where, in this **Indenture**, a statute, legislation or an act of Canada or Manitoba is cited, the citation shall include successor statutes, legislation or acts. All references to legislation in this **Indenture** will include all regulations made in accordance with that legislation and any amendment, re-enactment or replacement from time to time of that legislation.

22.7 Notices. Any notice or other communication required or permitted to be given hereunder will be in writing and will be given by facsimile or sent by registered mail or hand-delivery as hereinafter provided. Any such notice or other communication, if sent by facsimile will be deemed to have been received on the business day following the sending, or if mailed will be deemed to have been received on the third business day following the date of mailing, or if delivered by hand will be deemed to have been received at the time it is delivered to the applicable address noted below or to an individual at such address having apparent authority to accept deliveries on behalf of the addressee. Notice of change of address will also be governed by this Article 22.7. Notices and other communications will be addressed as follows:

(a) To **Fox Lake**:

Chief and Council of the Fox Lake First Nation
Box 369
Gillam, Manitoba R0B 0L0
Facsimile (204) 486-2503

(b) To **Hydro**:

Manitoba Hydro
General Counsel
3rd Floor, 820 Taylor Avenue
Winnipeg, Manitoba R3C 2P4
Facsimile (204) 474-2786

(c) To **Manitoba**:

Deputy Minister of Aboriginal and Northern Affairs
Legislative Building
350 – 450 Broadway
Winnipeg, Manitoba R3C 0V8
Facsimile (204) 945-1256

(d) To the Fox Lake Trustees:

Fox Lake Trustee
c/o Band Administration Office
Bird, Manitoba R0B 0L0
Facsimile (204) 486-2503

Fox Lake Trustee
c/o Band Administration Office
Bird, Manitoba R0B 0L0
Facsimile (204) 486-2503

Fox Lake Trustee
c/o Band Administration Office
Bird, Manitoba R0B 0L0
Facsimile (204) 486-2503

Fox Lake Trustee
c/o Band Administration Office
Bird, Manitoba R0B 0L0
Facsimile (204) 486-2503

Signed, sealed and delivered
in the presence of:

Fox Lake First Nation
as Settlor

Witness as to Chief and Councillors

____
Chief

____
Councillor

____
Councillor

On the day of 200__.

Fox Lake Trustees

Witness	______________________ Trustee
Witness	______________________ Trustee
Witness	______________________ Trustee
Witness	______________________ Trustee

On the day of 200__.

Her Majesty the Queen in the Right
Of the Province of Manitoba

Per: ______________________

On the day of 200__.

The Manitoba Hydro-Electric Board

Per: ______________________

Per: ______________________

On the day of , 200

Schedule 1

NIKANIHK ITAPOWIN (FUTURE VISION) TRUST

Undertaking and Acceptance of Chief or Councillor

I, ________________________, Chief/Councillor of the Fox Lake First Nation elected to that office __________________________ state and undertake as follows:
(date of most recent election)

1. I have read (or I have had explained to me) the terms of the Trust Indenture establishing the Nikanihk Itapowin (Future Vision) Trust, with particular reference to the duties, responsibilities and liabilities of members of Chief and Council in the administration of the Trust and the expenditure of and accounting for Trust Funds in accordance with the terms of the Trust;

2. I have obtained (or I hereby waive my right to) the advice of legal counsel in connection with my duties and responsibilities under the Trust; and

3. I hereby accept and will honestly and faithfully discharge the duties, responsibilities and obligations as a member of Chief and Council under the Nikanihk Itapowin (Future Vision) Trust during my term of office.

DATED AT Bird, Manitoba, on the day of , 20__.

Witness

____
Chief/Councillor

Schedule 2

NIKANIHK ITAPOWIN (FUTURE VISION) TRUST

Undertaking and Acceptance of Trustees

I, (appointed by) Chief and Council of the Fox Lake First Nation as a Trustee on

(date of appointment)

state and undertake as follows:

1. I have read (or I have had explained to me) the terms of the Trust Indenture establishing the Nikanihk Itapowin (Future Vision) Trust, with particular reference to the responsibilities and liabilities of Trustees in the administration of the Trust and the disbursement of and accounting of Trust Funds in accordance with the terms of the Trust;
2. I have obtained (or I hereby waive my right to) the advice of legal counsel in connection with my duties and responsibilities under the Trust; and
3. I hereby accept and will honestly and faithfully discharge the duties, responsibilities and liabilities as a Trustee under the Nikanihk Itapowin (Future Vision) Trust during my term in that office.
4. I agree to complete board training within • days of my appointment as a Trustee.

DATED AT Bird, Manitoba, on the day of ,20___.

Witness

Fox Lake Trustee

Schedule 3

N!KANIHK ITAPOWIN *(FUTURE VISION)* TRUST

Resolution of the Trustees
Certificate of Disclosure

TO: Trust Administrator of the Nikanihk Itapowin (Future Vision) Trust

This is to certify that the budget attached hereto for the Funds Available to be spent from • to • was:

1. to the best of our information and belief the subject of true disclosure in full compliance with the disclosure requirements of Article 8.3, and if applicable Articles 5.13 and 8.6 of the Trust Indenture, with respect to all amounts in that budget as evidenced by copies of the notices and other documents attached hereto;

2. considered at a Meeting of Fox Lake Citizens called in accordance with the requirements of Article 8.4 of the Trust Indenture; and

3. approved by a Majority of Trustees.

DATED AT Bird, Manitoba, on the day of , 20___.

____
Trustee

____
Trustee

____
Trustee

____
Trustee

Witness

Schedule 4

NIKANIHK ITAPOWIN (FUTURE VISION) TRUST

Acknowledgment of Receipt by Parent, Guardian or Legal Representative

I, of

in the Province of . am the

(indicate whether custodial parent/legal guardian/lawfully appointed legal representative)

of , in the Province of , satisfactory evidence of which

has been provided to

(indicate whether Fox Lake Chief and Council or Trustees of the Nikanihk Itapowin (Future Vision Trust)

have received from

the Trustees of the Nikanihk Itapowin Trust

the amount of $ to be held in Trust for the benefit of

in accordance with the law.

On behalf of , I hereby acknowledge receipt of such funds and release and indemnify the payor with respect thereto who shall have no obligation to ensure the proper use of the money so paid.

DATED at Bird, Manitoba, on the day of ,20___.

Witness Custodial Parent/Legal Guardian/Legal Representative

Schedule 5

NIKANIHK ITAPOWIN (FUTURE VISION) TRUST

AGREEMENT FOR FUNDING

THIS AGREEMENT is made the ____ day of ___________________, 20 .

BETWEEN:

____
(herein called the "Applicant")

- and –

____________________, ____________________,
____________________ and ____________________,
in their capacity as Trustees of the Nikanihk Itapowin (Future Vision) Trust
(herein called the "Trust")

WHEREAS:

A. The Trust possesses certain funds to be applied for the benefit of Fox Lake, which shall include, without limitation, Fox Lake Citizens and Community Organizations formed for the purposes of promoting the social and cultural welfare, civic improvement, recreation, and economic development of Fox Lake;

B. The Applicant, being one of the beneficiaries described in the first recital paragraph above, has applied to the Trust for funding the project more particularly described in Section 1 of the commitment form attached as the Attachment (the "Project");

C. The Trustees have agreed to provide the sum of $______ to the Applicant to be used exclusively for the Project, and the Applicant has agreed to accept such funding on the terms and conditions set out in this Agreement for Funding.

Now therefore the Parties agree as follows:

1. The Trustees shall not advance moneys until they are satisfied that the Applicant has established a system to provide for adequate accounting and reporting of the use of the moneys for the Project. Adequacy shall be determined by the Trustee's.

2. The Trustees shall provide the sum of $________ to the Applicant, in the installments set out in Section 2 of the commitment form attached as Attachment. Each installment after the first installment shall only be paid upon the Applicant furnishing to

the Trustees an adequate accounting for such installment moneys previously received and disbursed, for the purposes of the Project. Adequacy shall be determined by the Trustees.

3. The Applicant shall maintain a separate account in a financial institution on reserve for all moneys received and disbursed by it in connection with the Project, and such moneys shall not be co-mingled with any other accounts of the Applicant or of any Fox Lake Citizen or of Fox Lake.

4. Within 60 days of the completion of the Project or at the end of 15 months from the date of receipt of the initial advance, whichever shall first occur, and again at the end of each 15 month period recurring thereafter, the Applicant shall present to the Trustees a statement which shall set forth an annual accounting of the application of the moneys furnished by the Trust for the purposes of the Project. The statement may require certification by an individual appointed by the Trustees.

5. The obligations or liabilities, if any, of the Trust hereunder shall not be binding upon nor shall resort be had to the property of any Trustee, of any manager, officer, employee of the Trust and/or of any of the beneficiaries of the Trust. The obligations or liabilities, if any, of the Trustees, such managers, employees and/or officers shall be satisfied only out of the property of the Trust.

6. Subject to the provisions of paragraph 5 of this Agreement, this Agreement shall enure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, administrators and assigns.

SIGNED at , Manitoba, the day and year first above written.

(for the Applicant)	Trustee
(for the Applicant)	Trustee
	Trustee
	Trustee

As Trustees of the Nikanihk Itapowin (Future Vision) Trust

ATTACHMENT

SAMPLE COMMITMENT FORM

Section 1 – The Project:

The Applicant proposes to supply and install a computer training room attached to the community school, equipped with three (3) Dell personal computers, as follows:

(a) the room itself will be installed by the Applicant in accordance with the plans and specifications submitted with and attached to this Agreement at a total cost of $___________;

(b) the cost of supply and installation of the three computers will be $___________.

at a total cost of $____________________.

Section 2 – Cost and Installments

The cost of supplying and installing the computer room itself will be $______________, payable by a first installment of $______________, being a deposit to be paid to the Applicant, on or before _________________, 20__,

A second installment to be paid to the Applicant due on or about ___________, 20__, when the roof has been installed to the computer training room.

A third and final installment of $______________ when the room has been completed in accordance with the plans and specifications referred to above.

The cost of supply and installation of the three computers shall be $__________, payable by a first installment of $___________, when the three computers are received on site.

A second installment shall be payable when the computers are assembled and installed.

A third installment shall be paid at the end of five business days of instruction on the computers, on site, provided by a computer instructor, qualified as such by the computer supplier.

CERTIFICATION

Project: Computer Room

Contractor: ABC Construction

Price: $53,500.00

Deposit: $________________

Second Installment: $________________, due when the roof to the addition to the community school has been put in place.

Final Installment: $_______________, due _______________________________.

Nikanihk Itapowin (Future Vision) Trust
Bird, Manitoba

The undersigned hereby certifies to you that:

> ABC Construction has supplied and installed a roof to the addition to the community school (such addition being a room to be used as a computer training room). You may now release to ABC Construction the sum of $________________, being the Second Installment (to be applied on account of the cost of the Project).
>
> The undersigned also certifies to you that he/she is not employed by ABC Construction and has no financial interest in such firm, nor is he/she the Chief or a member of the Council of The Fox Lake First Nation.

Dated: ______________________, 20_____

____

Schedule 6

NIKANIHK ITAPOWIN (FUTURE VISION) TRUST

STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

PURPOSE & OBJECTIVES

The Fox Lake First Nation has established a Trust Indenture to set out guidelines for the administration and use of certain financial proceeds flowing from an agreement with The Manitoba Hydro-Electric Board and the Province of Manitoba.

The purpose of this Statement of Investment Policy and Objectives (Statement) is to formulate those investment principles and guidelines that are appropriate to the needs and objectives of the Fox Lake First Nation and Fox Lake Citizens and to define the management structure and procedures adopted for the ongoing operation of this investment portfolio.

The primary purpose of the Investment Policy is to support the Fox Lake First Nation, Fox Lake Citizens and community organizations by promoting economic, spiritual, cultural and social well-being, civic improvements and recreation, in accordance with the purposes of the Trust, with special consideration to the requirement for the Minimum Capital Amount.

The primary investment objectives are as follows:

A. To preserve the capital value of the funds in such a way that the purchasing power of these funds will be maintained.
B. To achieve the maximum total return while taking acceptable levels of risk consistent with prudent investments.
C. To provide the appropriate cash flow of income in order to meet Fox Lake First Nation's requirements.

Given the purposes of the long term funds as described in the Trust Indenture, the requirements for access to the principal of the funds will be required only on very rare occasions. In order to accommodate such rare occasions, a minimum of 10% of the total long term funds should be easily marketable, with stable asset values.

GENERAL RESPONSIBILITIES

Under the overall direction of the Trustees appointed by the Chief and Council, the assets of this investment portfolio will be invested at all times in a prudently diversified manner to ensure that the risk of the portfolio is kept at acceptable levels.

The Trustees

The designated Trustees will be responsible for the following:

1. Engaging an Investment Consultant to provide investment advisory services.
2. Periodically reviewing the Statement of Investment Policy and Objectives, and recommending changes;
3. Reviewing the Investment Consultant's reports and proposed investment strategies;
4. Work with the Investment Consultant to assess the performance of the investment supplier(s) by means of regular reviews of the investment results, service quality, accuracy and other pertinent information;
5. Providing the Investment Consultant with information concerning the cash flow to and from this investment portfolio and other changes in needs or requirements.

Investment Consultant

The responsibilities of the Investment Consultant are:

1. Assist in the development and revision from time to time, of the Investment Guidelines, Performance Objectives and other aspects of the Statement;
2. Assist in developing a Request for Proposal from prospective investment suppliers, managers and/or custodians and assist in the selection of the best candidate(s);
3. Monitoring the services and performance of the selected supplier(s), including reviewing monthly statements of the investments held by and transactions of the investment portfolio, ensuring compliance with this Statement, and meeting with the supplier(s) as required;
4. Providing a quarterly written commentary on portfolio and supplier performance, and on economic and investment conditions at least annually;
5. Participating with the Trustees in the periodic review of the Statement of Investment Policy and Objectives;
6. Presenting to the Trustees, at least annually, the Investment Consultant's outlook for the economy and the expected rate of return for each of the principal categories of assets, and based upon these expectations, a proposed investment strategy for the following twelve to eighteen month period. Such strategy should be designed to optimize the rate of return within the risk and liquidity constraints set out in this Statement;
7. Recommending revisions to the asset mix for the portfolio as needed, subject to the constraints imposed by this Statement. The proposed asset mix will be reviewed with the Trustees as part of the regular reviews of investment strategy and performance results;

8. Notifying the Trustees in writing of any significant changes in investment philosophies and policies, personnel, or organization and procedures of the supplier or of the Investment Consultant.

Custodian

The Trustees, in consultation with the Investment Consultant, will select a Custodian to provide for the custody and safekeeping of the securities. The Custodian will be a licensed trust company, Canadian chartered bank or member firm of the Investment Dealers Association (IDA) of Canada.

Either the Custodian, or a separate Investment Advisor selected by the Trustees in consultation with the Investment Consultant, will be used to source out and recommend individual securities, carry out trades and implement the Statement and the instructions of the Investment Consultant.

INVESTMENT GUIDELINES

The primary task of the Investment Consultant is to monitor compliance with this Statement for the purpose of ensuring appropriate and adequate stewardship of the funds. The ultimate goal is to allow the Trustees to meet the needs of the community, within the reasonable return expectation in any given investment climate, and subject to the risk and quality constraints set out below. It is recognized that the most important single decision to be made is asset mix.

Until sufficient accrued gains have built up to provide an adequate buffer to protect against a 15% stock market decline, the initial asset mix may have less than 20% of the total investment portfolio in equities, even though the 20% is less than the minimum exposure to equities allowed in the range specified for equities and the balance may be in fixed income.

A. Unless otherwise authorized by the Board of Trustees, the asset mix of this investment portfolio shall be measured quarterly and adjusted quarterly such that the percentage of the total portfolio market value invested in each asset class will be within the following ranges:

ASSET CLASS	**LONG TERM ASSET MIX TARGET AFTER APRIL 1, 2019**	**LONG TERM RANGE AFTER APRIL 1, 2019**	**LONG TERM RANGE PRIOR TO APRIL 1, 2019**
EQUITIES			
Canadian	20%	10-30%	20-60%
U.S.	10	5-15	0-15
International	10	5-15	0-15
Total Equities	40%	20-60%	20-60%
FIXED INCOME			
Bonds and GIC's (Cdn & Foreign)	25%	15-35%	15-45%
Mortgages	20	10-30	0-30
Money Market	5	0-50	0-50
Total Fixed Income	50%	40-80%	40-80%
REAL ESTATE	10%	0-15%	0-15%
TOTAL	100%	100%	100%

Mutual or pooled funds are categorized based on the underlying assets of the fund.

ASSET CLASSES ELIGIBLE FOR INVESTMENT

From time to time, and subject to this policy statement, this investment portfolio may be invested in any or all of the following asset categories. These assets may be obligations or securities of Canadian or non-Canadian entities.

a. Publicly traded common or preferred equity;

b. Publicly traded convertible debentures or convertible preferred securities;

c. Bonds, debentures, notes or other debt instruments of government agencies or publicly traded corporations;

d. Real estate, only through closed or open-ended pooled or mutual funds;

e. With the consent of the Investment Consultant, warrants, options or other instruments designed to provide additional income or hedging opportunities for current investments. These instruments will be traded upon recognized public exchanges;

f. Guaranteed Investment Certificates or equivalent of insurance companies, trust companies or banks or credit unions or caisses populaires, or funds which invest primarily in such instruments;

g. Annuities, deposit administration contracts and other similar instruments regulated by a federal or provincial government agency;

h. Term deposits or similar instruments of trust companies, banks or credit unions or caisses populaires ;

i. Cash, or money market securities issued by governments or publicly traded corporations;

j. Mutual or pooled funds, which may invest in any or all of the above instruments or assets.

Until further decision by the Trustees, this investment portfolio may not be invested in commodities, futures, forward contracts or options except to the extent described above.

INVESTMENT QUALITY AND DIVERSIFICATION

A. All Investments

Not more than 5% of the Fund (at cost) shall be invested in the securities of any one issuer or guarantor, other than a major Canadian chartered bank at 10% maximum each, and the Government of Canada or a province in Canada, with no limit.

B. Short-term Securities

Short-term investments shall be maintained with the following quality standards:

Debt Rating (DBRS* or equivalent)	**Maximum % of** Short-Term Securities
Lower than R-2	0%
R-2 (Adequate Credit Quality)	10%
R-1 (Prime Credit Quality)	no limit

*(*Dominion Bond Rating Service)*

C. Bonds & Debentures

Bond investments shall be maintained within the following quality standards:

Debt Rating (DBRS or equivalent)	Maximum % of Bond Investments
Lower than BBB	0%
BBB (Adequate Credit Quality)	10%
A (Satisfactory Credit Quality)	40%
AA or higher (Superior or Highest)	no limit

D. Mortgage Funds

Mortgage investments can only be made through an administered pooled fund, with a portfolio of mortgages meeting the following requirements:

- First mortgages only;
- Not to exceed 75% of the market value of the property, unless secured by mortgage insurance;
- Not more than 5% of the Fund's mortgage investments may be in respect of any one borrower; and
- Not more than 25% of the Fund's mortgage investments may be in any one province (50% in the case of Ontario).

E. Real Estate Funds

Real estate investments can only be made through an administered pooled or mutual fund, with a portfolio meeting the following requirements:

- Not more than 10% of the fund's real estate investments may be in respect of any one property or parcel of real estate;
- Not more than 25% of the fund's real estate investments may be in any one province (50% in the case of Ontario); and
- The fund's real estate investments should be broadly diversified by type of use and tenant.

F. Canadian Equities

Canadian equity investments must meet the following requirements:

- At least 95% of the Canadian equity investments shall be listed on the Toronto or Montreal Stock Exchanges; and
- Not more than 5% of the Canadian equity investments shall be invested in the securities of any one issuer.

G. U.S. Equities

U.S. equity investments must meet the following requirements:

- At least 95% of the U.S. equity investments shall be listed on the New York Stock Exchanges; and
- Not more than 5% of the U.S. equity investments shall be invested in the securities of any one issuer.

H. Foreign Equities

Foreign Equities investments must meet the following requirements:

- Not more than 5% shall be invested in any one foreign country other than Great Britain or Japan; and
- Not more than 5% of the International equity investments shall be invested in securities of any one issuer.

I. Variations

In the event of a down-grading of a fixed income security, the above constraints shall not dictate sale but shall preclude additional purchases of the same fixed income security.

J. Pooled Funds

Where investments are held in a pooled fund, the investment supplier(s) and the Investment Consultant shall not be expected to comply with subsection H, but shall disclose in writing to the Trustees, on at least an annual basis, any variations from the above investment quality and diversification requirements.

K. Other Constraints

No investment supplier shall:

- Purchase securities on margin;
- Engage in short sales or similar transactions;
- Purchase or sell commodity contracts; or
- Borrow, pledge or otherwise encumber any of the Fund's assets, except as otherwise permitted by this Statement.

CONFLICT OF INTEREST

Each person, firm or organization having dealings with this investment portfolio and each Trustee is required and obliged to disclose details of all and any conflict of interest or possible or perceived conflict of interest involving the investment of this portfolio. *(Note: ownership of a particular security by a Trustee or other person would not in itself constitute a conflict of interest.)* Such report and disclosure shall be made immediately to the Trustees, and in the case of the conflicted person being a Trustee, to the Chief and Council. The Trustees or Chief and Council, as the case may be, shall determine if a conflict or possible or perceived conflict of interest has occurred or might occur. If the Trustees or Chief and Council, as the case may be, determine that a conflict or possible or perceived conflict of interest has occurred or might occur, the person, firm or organization in conflict shall, where applicable, be prohibited from participating in all or any discussion and the decision making process concerning the area of actual, possible or perceived conflict of interest.

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